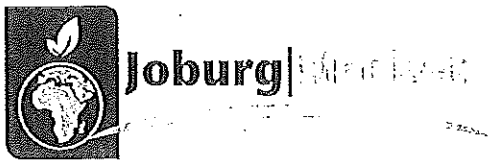


The Johannesburg Fresh Produce Market SOC Limited
Trading as Joburg Market
Annual Financial Statements
for the year ended 30 June 2011

The Auditor-General: South Africa

The Johannesburg Fresh Produce Market SOC Limited

(Registration number 2000/023383/07)
Trading as Joburg Market
Annual Financial Statements for the year ended 30 June 2011

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Providing of infrastructure to distribute fresh produce mainly in the Gauteng area
DIRECTORS	Mr L Tshwete (Chairman) Mr C Finlayson Ms R Manning Mr M Morokolo Mr B Netshiswinzhe Dr S Ngqangweni Ms N Singh (Acting Chairman : Audit and Risk Committee) Ms M Vuso Mr G Zabala
ACCOUNTING OFFICER	Ms P T Telela (Acting)
REGISTERED OFFICE	1 Heidelberg Road City Deep Johannesburg 2049
BUSINESS ADDRESS	1 Heidelberg Road City Deep Johannesburg 2049
POSTAL ADDRESS	P O Box 86007 City Deep Johannesburg 2049
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	ABSA Bank Limited First National Bank Limited
AUDITORS	The Auditor-General: South Africa
SECRETARY	F Dekker
COMPANY REGISTRATION NUMBER	2000/023383/07
ATTORNEYS	Bowman Gilfillan Inc.
PREPARER	The annual financial statements were internally compiled by: Ms B Rocha (Acting Chief Financial Officer)

The Johannesburg Fresh Produce Market SOC Limited

(Registration number 2000/023383/07)
Trading as Joburg Market
Annual Financial Statements for the year ended 30 June 2011

Index

The reports and statements set out below comprise the annual financial statements.

Index	Page
Directors' Responsibilities and Approval	3
Audit Committee Report	4 - 7
Report of the Auditor General	8 - 11
Directors' Report	12 - 17
Company Secretary's Certification	18
Statement of Financial Position as at 30 June	19
Statement of Financial Performance for the year ended 30 June	20
Statement of Changes in Net Assets	21
Cash Flow Statement for the year ended 30 June	22
Accounting Policies	23 - 37
Notes to the Annual Financial Statements	38 - 64

Directors' Responsibilities and Approval

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

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

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the company is a going concern and that the The City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the company.

The external auditors are responsible for independently auditing and reporting on the company's annual fin al statements. The annual financial statements have been examined by the company's external auditors.

Approval of annual financial statements:

The annual financial statements set out on pages 12 to 64, which have been prepared on the going concern basis, were approved by the directors on 29 November 2011 and were signed on its behalf by:

Mr L Tshwete (Chairman)	Ms P T Telela
Chairman	Acting Accounting Officer

Johannesburg

29 November 2011

Audit and Risk Committee Report

The Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 30 June 2011.

INTRODUCTION

Johannesburg Fresh Produce Market SOC Ltd (the Company) is a municipal entity wholly owned by the City of Johannesburg (the Shareholder). This report is therefore presented in accordance with the requirements of the statutory responsibilities of Audit Committees, as contained in Section 166 of the Municipal Finance Management Act, 56 of 2003 (MFMA), Section 270A of the Companies Act, 61 of 1973, (as amended) (the Companies Act 1973) and Section 94 of the Companies Act. 71 of 2008 (as amended) (the Companies Act 2008), which came into effect on 01 May 2011 and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III).

The committee is a statutory committee which also has an independent role with accountability to the Board and the Shareholders. The Committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of section 94 (7) of the Companies Act 2008 and a committee of the Board in respect of all other duties assigned to it by the Board. The Audit Committee is also an independent advisory body established by the Board in terms of Section 166 of the MFMA.

The Committee has documented its objectives, authority and responsibilities in a formal Audit and Risk Committee Charter (the Charter). The Charter was last reviewed on 02 June 2011 by the Committee. The Charter will be reviewed on a continuous basis to incorporate, *inter alia*, the requirements the King III and the Companies Act 2008. The Committee's role and responsibilities include its statutory duties and other responsibilities the Board may assign to the Committee from time to time.

The Committee conducted its affairs in accordance with its mandate as set out in the Charter, executed its responsibilities in terms of its statutory duties and has endeavoured to comply with the requirements of King III with the exception of integrated and sustainability reporting, the applicability of which is being researched and considered.

COMMITTEE COMPOSITION

The Committee comprises two independent non-executive Directors. The Committee further comprises three Independent Members, who are not members of the Board or employees of the company or it's Shareholder. The Chairperson of the Board is not the Chairperson of the Committee and is not a member of the Committee. The Committee has no executive Directors as members; however the Acting Chief Executive Officer, the Acting Chief Financial Officer and other members of the executive management have standing invitations to attend meetings of the Committee. The Committee met seven times during the period under review and appropriate feedback was provided to the Board on matters that are within the mandate of the Committee.

The Committee consists of the following independent non-executive Directors and Independent Members:

NAME OF MEMBER	ROLE	APPOINTMENT DATE	QUALIFICATIONS	ATTENDANCE
Ms N Singh	Non Executive Director; Acting Chairman	26 January 2009	• CA (SA) • CCSA • CGAP • Certificate in Fraud Examination & Forensic investigation (Cum Laude)	7/7

Audit and Risk Committee Report

Ms M Vuso	Non Executive Director	10 August 2006	• CA (SA)	7/7
Mr R Theunissen	Independent Committee Member	01 January 2007	• CA (SA) • Diploma in Criminal Justice and Forensic Auditing	5/7
Prof A Nel	Independent Committee Member	26 January 2010	• M Comm, CA(SA), Registered Auditor	5/7
Ms L Fosu	Independent Committee Member	26 January 2010 Retired 17 March 2011	• CA(SA)	3/7
Dr C Sanangura	Independent Committee Member	17 March 2011	• Doctorate Bus Admin, ACCA, FCIS, FCIBM, Bsc(Hons) App Acc	Nil

The effectiveness of committee is reviewed as part of the board and committee evaluation process each year All members of the Committee are suitably skilled and experienced and independent and the Committee has collectively and individually, sufficient qualifications and experience to fulfil their duties, including an understanding of the financial and sustainability reporting, internal financial controls, external audit process, internal audit process, corporate law, risk management, sustainability, information technology governance as it relates to integrated reporting and governance processes within the Company.

ROLE OF THE COMMITTEE

The Committee performed, inter alia, the following main activities:

External Auditors

- Received and reviewed reports from the external auditors concerning the effectiveness of the Company's internal control environment, systems and processes;
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings
- Obtained assurance from the external auditors that adequate accounting records are being maintained by the Company and appropriate accounting principles are in place and which are consistently applied;
- Reviewed and approved the external audit plan
- Approved the annual audit fee; and
- Ensured that the scope of the external audit has no limitations imposed by management and that there is no impairment on its independence.

The Auditor-General is the External Auditor of the company in terms of Section 92 of the MFMA. The independence and objectivity of the Auditor-General is confirmed.

Internal Audit

- Considered the effectiveness of Internal Audit, which included reviewing and approving the annual internal audit plan and the internal audit charter and monitoring Internal Audit's adherence to its annual programme;
- Received and reviewed reports from the internal auditors concerning the effectiveness of the Company's internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a consequences of audit findings;

Audit and Risk Committee Report

- Considered all material forensic reports and established that appropriate corrective action was taken by management; and
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings.
- to monitor and supervise the effective functioning and performance of the internal auditors; and
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment on its independence.

The head of Internal Audit, the Senior Manager: Internal Audit, reports functionally to the committee and administratively to the Chief Executive Officer. The Internal Audit Function was performed internally.

Risk Management

- Performed oversight in respect of financial reporting risks, internal financial controls, fraud risk and IT risk as it relates to financial reporting ;
- Assisted the Board in assessing the adequacy of the risk management process. However, the Board remains ultimately responsible for the maintenance of an effective risk management process;
- Fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

During the course of the 2011 financial year, the Committee, together with the Board, considered the risk management approach, methodology and key control risks of the Company. The Committee has made recommendations on the management approach and structure to ensure an elevation of the risk management profile and to further enhance its effectiveness. The Committee is satisfied that the key control risks are being adequately addressed by management.

General

- Reviewed the accounting practices adopted by the Company;
- Reviewed the accounting policies adopted by the Company and proposed changes in accounting policies and practices, and recommended any changes considered appropriate in terms of GRAP to the Board for approval;
- Reviewed and recommended disclosed financial information for adoption by the Board;
- Considered the programmes introduced to improve the overall ethics of the Company and reviewed reports from management and the internal auditors relating to material issues;
- Monitored ethical conduct by the Company, its Executives and senior management;
- Monitored the Company's compliance with all applicable legislation and regulations, including without limitation, the companies Act, the MFMA, and the Treasury Regulations;
- Reported on terms of unauthorized and fruitless and wasteful and irregular expenditure in terms of the MFMA.
- Ensured cooperation between the External Auditor and Internal Audit by clarifying and co-ordinating their roles and functions and that the combined assurance received is appropriate to address all significant risks;
- Assisted the Board in carrying out its risk management and IT responsibilities; and
- Received and dealt appropriately with any complaints and/or allegation of wrongdoing including fraud.

The Committee is presented with regular quarterly management reports to assist the Committee to perform their mandated and statutory functions.

The Internal Auditors and External Auditors have direct access to the Chairperson of the Committee and its members. The Committee's agenda provides for confidential one-on-one in-committee meetings with the members.

Audit and Risk Committee Report

King III Recommendations

Assessment of the Finance Function
The Chief Financial Officer (CFO) has been disciplined and an Acting CFO has been in place since January 2011. The Committee assessed whether the finance function was suitably resourced and skilled to carry out its obligations. Based on the assessment the recommendation was to strengthen the finance function, and a suitable resource was utilised.

Internal Financial Control Environment
Concerted efforts were made to address the findings of audit reports and we have been given the assurance that adequate corrective measures have been put in place. The Committee is monitoring the steps being taken by management to address the issues raised.

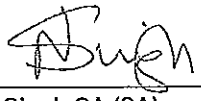
Based on the assessment of the system of internal financial controls conducted by Internal Audit, as well as information and explanations given by management and discussions held with the external auditors on the results of their audit and the assurance give by the Shareholder, the committee is of the opinion that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review.

Annual Financial Statements
The Committee has evaluated the audited annual financial statements for the year ended 30 June 2011 and reviewed it for material compliance with legislation, regulations and the appropriate accounting policies, standards and practices.

The Institutional Review process currently taking place within The City of Johannesburg Metropolitan Municipality and its entities and the consequential moratorium on senior appointments, resulted in a shortfall in crucial areas of expertise and thus posed significant challenges within the company.

The Committee have noted the contents of The Auditor-General's report in particular the finding regarding irregular expenditure. Management has been instructed to investigate the matter comprehensively and institute remedial action.

The Audit Committee concurs and accepts the Auditor-General's report on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



N Singh CA (SA)
Acting Chairman: Audit and Risk Committee
Johannesburg
29 November 2011

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG FRESH PRODUCE MARKET SOC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Johannesburg Fresh Produce Market SOC Limited, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information and the directors' report as set out on pages XX to XX.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), and the Companies Act, 2008 (Act No.71 of 2008), and for such internal control as management determines necessary to enable the preparation of the 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 and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Fresh Produce Market SOC Limited as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the MFMA and the Companies Act of South Africa.

Emphasis of matters

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

Significant uncertainties

9. As disclosed in note 30 to the financial statements, the entity is the defendant in various court cases and disputes. The ultimate outcome of these matters cannot presently be determined or reliably measured, and as such no provision for any liability that may result has been made in the financial statements.

Irregular expenditure

10. As disclosed in note 35 to the financial statements the entity incurred irregular expenditure of R50 237 904 as a result of non-compliance with supply chain management (SCM) prescripts as determined by National Treasury.

Material impairments

11. As disclosed in note 3 to the financial statements, material impairments to the amount of R5 375 431 were incurred on trade and other receivables, as the recoverability of these amounts are doubtful.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. 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 XX to XX and material non-compliance with laws and regulations applicable to the municipal entity.

Predetermined objectives

Usefulness of information

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

    - Measurability: The indicators are not well-defined, and targets are not specific, measurable and time-bound.

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

Planned and reported indicators are not well defined

15. For the selected objectives, 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.

Planned and reported targets are not specific

16. For the selected objectives, 31% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.

Compliance with laws and regulations

Annual financial statements, performance and annual report

17. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of the disclosure item relating to irregular expenditure identified by the auditors was subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

18. In certain instances, goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of supply chain management regulation 17(a) and (c).
19. In certain instances, sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids as per the requirements of supply chain management regulations 19(a) and 36(1).

Expenditure management

20. The accounting officer did not take reasonable steps to prevent irregular expenditure as required by section 95(d) of the MFMA.

INTERNAL CONTROL

21. 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 findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

22. The accounting officer did not exercise adequate oversight to ensure compliance with all laws and regulations, and more specifically with regards to compliance with supply chain management prescripts determined by the National Treasury.
23. The entity did not have sufficient monitoring controls to ensure the proper implementation of the overall process for planning with respect to the determination of predetermined objectives.

Financial and performance management

24. In certain instances, management did not implement proper record keeping in a timely manner as certain supply chain management and procurement documentation were not readily available.

OTHER REPORTS

Investigations

25. Investigations were conducted into various instances of supply chain management and procurement deviations involving former and current employees. Disciplinary action was taken in certain cases.

Johannesburg
29 November 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Directors' Report

The directors submit their report for the year ended 30 June 2011.

1. INCORPORATION

The company was incorporated on 08 September 2000 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is a municipal entity, engaged in providing of infrastructure to distribute fresh produce mainly in the Gauteng area and operates principally in the City of Johannesburg.

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

The operating results and state of affairs of the company are fully set out in the attached annual financial statements. Revenue comprising mainly of commission income increased by 5.4%. The increase is as a result of volume increases of 12.4%. These increases were in line with long term projections. Macro factors which are prevalent in the production and trading of fresh produce have introduced some volatility in price discovery. In view of the latter it is regarded as prudent for the company to follow it's internal forecasting model.

Net surplus of the company was R 31,502,863 (2010: surplus R 28,338,997), after taxation of R 15,699,106 (2010: R 12,393,435).

The planning on a project known as the Market of the Future, to reposition the market in line with modern industry requirements, is in an advanced stage. This project will be implemented during 2012 and 2013 financial years.

The Institutional Review process currently taking place within The City of Johannesburg Metropolitan Municipality and its entities and the consequential moratorium on senior appointments, resulted in a shortfall in crucial areas of expertise and thus posed significant challenges within the company.

3. GOING CONCERN

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

The current liabilities of the company exceeds its current assets at year end by R13,260,358 (2010: R 27,178,938). The nett liquidity position of the company has strengthened by R13,918,580 over the last year. Included in current liabilities is an amount of R 27,979,123 (2010: R 37,415,097) relating to current portion of loans from shareholders which is payable in the coming year. The Directors are confident that the company will meet all its obligations in the coming financial year. Management also monitors on a regular basis its cash forecasts.

The ability of the company to continue as a going concern is dependent on financial support of the company's only shareholder, The City of Johannesburg Metropolitan Municipality. The City of Johannesburg Metropolitan Municipality, has confirmed its financial support to the company.

4. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year to date of this report, not otherwise dealt with in the financial statements and directors' report, which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

5. DIRECTORS' PERSONAL FINANCIAL INTEREST

None of the directors have declared any personal financial interest in any contracts entered into by the company.

Directors' Report

6. ACCOUNTING POLICIES

The 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 Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

There were no changes in accounting policies during the year.

7. SHARE CAPITAL

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

The entire shareholding of the company is held by The City of Johannesburg Metropolitan Municipality.

Unissued ordinary shares are under the control of The City of Johannesburg Metropolitan Municipality.

8. BORROWING LIMITATIONS

In terms of the sale of business agreement, The Johannesburg Fresh Produce Market SOC Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of The City of Johannesburg Metropolitan Municipality Asset and Liability Committee.

9. NON-CURRENT ASSETS

There were no major changes in the nature of non-current assets of the company during the year.

Property,plant and equipment to the value of R 18,425,195 (2010: R 18,176,627) and intangible assets to the value of R nil (2010: Nil) were acquired during the year under review.

10. DIVIDENDS

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

11. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr L Tshwete (Chairman)	South African	
Mr C Finlayson	South African	
Dr M Makhura	South African	Retired 17 March 2011
Ms R Manning	South African	
Mr M Morokolo	South African	
Mr B Netshiswinzhe	South African	
Dr S Ngqangweni	South African	
Mr K Ramokgopa	South African	Resigned 12 August 2010
Ms N Singh (Acting Chairman : Audit and Risk Committee)	South African	
Mr S Tsoku	South African	Deceased 02 August 2010
Ms M Vuso	South African	
Mr G Zabala	South African	Appointed 17 March 2011
Acting Accounting Officers		
Mr J Mocke (Acting Chief Executive Officer)	South African	Resigned 05 August 2011
Ms P T Telela (Acting Accounting Officer)	South African	Appointed 05 August 2011

Directors' Report

12. SECRETARY

D Petersen resigned as secretary of the company on 28 February 2011 and F Dekker was appointed in his stead on 30 August 2011. Whilst the vacancy existed the Board took steps to appoint a Board secretary during the recruitment process.

Business address	1 Heidelberg Road City Deep Johannesburg 2049
Postal address	P O Box 86007 City Deep Johannesburg 2049

13. CORPORATE GOVERNANCE

General

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

Board of directors

The Board of directors:

- retains full control over the company, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the company;
- is of a unitary structure comprising:
  - 9 non-executive directors, all of whom are independent directors as defined in the King Codes of Corporate Governance; and
  - 1 executive director.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the King Codes of Corporate Governance).

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

Remuneration

The remuneration of the Chief Executive Officer, who is the only executive director of the company, is determined by the Board of directors in accordance with Section 89 of the Municipal Finance Management Act determination of the upper limits set by the City of Johannesburg Metropolitan Municipality.

The members of the Remuneration Committee are G Zabala (Chairperson), R Manning, S Ngqangweni, B Netshiswinzhe and by invitation N Singh, C Finlayson and J Mocke .

Directors' Report

Executive meetings

The Directors have met on 10 separate occasions during the financial year. The Directors schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the company.

Name	Board Meeting	Audit & Risk committee meeting	Remuneration committee meeting	Service Delivery committee meeting	MoF Task team
Total number of meetings held	**10**	**7**	**7**	**5**	**5**
Mr L Tshwete (Chairman)	10				
Mr C Finlayson	10		5	3	3
Dr M Makhura	7			3	
Ms R Manning	8		7		4
Mr M Morokolo	8			5	1
Mr B Netshiswinzhe	5		5		3
Dr S Ngqangweni	9		6	5	
Mr K Ramokgopa	1	1	1		-
Ms N Singh (Acting Chairman : Audit and Risk Committee)	10	7	6		4
Ms M Vuso	7	7			
Mr G Zabala	3		1		
Mr J Mocke (Acting Chief Executive Officer)	8	6	6	3	5
Independent audit committee:					
Ms L Fosu (Independent audit committee member)		3			
Prof A Nel (Independent audit committee member)		5			
Mr R Theunissen (Independent audit committee member)		5			

Audit and risk committee

The audit committee comprises of 5 members, 2 of whom are non-executive directors and 3 independent members. The committee is constituted in accordance with Section 166 of the Municipal Finance Management Act and was chaired in Acting capacity by Ms N Singh, who is a non-executive director. The audit committee met 7 times during the financial year to review matters necessary to fulfil its role.

Internal audit

The internal audit function was performed internally.

14. CONTROLLING ENTITY

The company's controlling entity is The City of Johannesburg Metropolitan Municipality.

15. SPECIAL RESOLUTIONS

The company did not pass any special resolutions during the financial year.

16. BANKERS

ABSA Bank Limited
First National Bank Limited

Directors' Report

The management of the treasury function within the company is managed under the auspices of The City of Johannesburg Metropolitan Municipality Assets and Liabilities Committee and Treasury department.

17. AUDITORS

The Auditor-General: South Africa will continue in office in accordance with the Public Audit Act No 25 of 2004, section 90 of the Municipal Finance Management Act No 56 of 2003 and section 90 of the Companies Act of 2008.

18. NON COMPLIANCE WITH APPLICABLE LEGISLATION

The Directors believe that the company has, during the year, complied, in material respects, with legislation and regulations applicable to it, including inter alia, the Companies Act, 71 of 2008, as amended, the Municipal Finance Management Act, 56 of 2003, the Treasury Regulations and the Income Tax Act, 58 of 1962. Certain sections of the MFMA have not been complied with in full, the details are listed hereunder:

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) 56 OF 2003

Listed below are MFMA contraventions which have been identified by the JFPM Board of Directors:

Responsibilities of the accounting officer

Section 95 of the MPFM, states that the accounting officer of a municipal company must take all reasonable steps to ensure that irregular and fruitless and wasteful expenditure and other losses are prevented and that expenditure is in accordance with the operational policies of the company. Due to the limitations within the Supply Chain Department, in certain instances this was not possible.

Supply Chain Management

Section 111 to 117, of the MFMA requires the supply chain management to be fair, equitable, transparent, competitive and cost-effective. There are certain legacy contracts and arrangements awarded in prior years and a few in the current year that did not comply with the requirements of the supply chain management policy. The following non compliance was noted :

- In certain instances significant portions of the SCM policy were not followed,

- In awarding contracts certain areas of the SCM policy were not followed,

- Certain documents were not maintained supporting the SCM process.

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 reoccurrence of the above issues. The necessary and appropriate action will be taken.

Irregular expenditure.

Sections 95(d),102,105(c),125 (2)(d) of the MFMA and National Treasury Regulations contain certain obligations for the company. The irregular expenditure identified relates to a number of legacy contracts and a few current year contracts. The total value of the contracts is R103,330,839 of which R30,883,082 relates to prior years; R19,354,822 to current year and R53,092,935 to future years. The system of identifying irregular expenditure is being improved. Measures to prevent reoccurrence are in place. In these instances, goods and services were delivered and no financial loss was suffered. The necessary and appropriate action will be taken.

Directors' Report

19. CURRENT INVESTIGATIONS

There are several matters currently under investigation the outcome of which is unknown. These matters are being dealt with as expeditiously as possible and appropriate steps will be taken once the investigations have been finalised.

20. NEW COMPANIES ACT

The Companies Act, 2008 (Act 71 of 2008) became effective on 1 May 2011 as per proclamation R. 32 published in Government Gazette 34239 on 26 April 2011. The Companies Act, 2008 repealed the whole of the Companies Act, 1973 (Act 61 of 1973), except for Chapter 14 in as far as it deals with the liquidation and winding-up of insolvent companies.

In term of Item 4(1)(c) of Schedule 5 (Transitional Arrangements) to the Companies Act, 2008, the company is deemed to have amended its Memorandum of Incorporation as of the general effective date to have changed its name in so far as required to comply with section 11 (3).

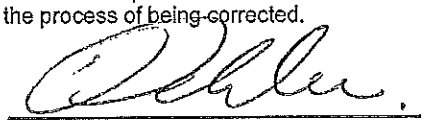
Therefore, as from 1 May 2011, the name of the company is The Johannesburg Fresh Produce Market SOC Limited.

All references to the Companies Act in these annual financial statements are to the Companies Act, 2008, unless otherwise indicated.

Company Secretary's Certification

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

In terms of Section 268G(d) of the Company's Act, Act 61 of 1973 (as amended), section 88(2)(e) of the Companies Act 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, that the company has lodged and/or filed, for the financial year ended 30 June 2011, all such returns and notices as required and that all such returns and notices are true, correct and up to date save for the submission of the company's Annual Return and certain director appointments, which are in the process of being corrected.



F Dekker
Company Secretary

The Johannesburg Fresh Produce Market SOC Limited
29 November 2011

The Johannesburg Fresh Produce Market SOC Limited

(Registration number 2000/023383/07)
Trading as Joburg Market
Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position as at 30 June

Figures in Rand	Note(s)	2011	2010
ASSETS			
Current Assets			
Loans to shareholders	2	54,823,762	30,290,301
Trade and other receivables	3	25,026,555	23,779,774
Cash and cash equivalents	4	13,221,715	13,170,111
		93,072,032	**67,240,186**
Non-Current Assets			
Investment property	5	559,875	582,694
Property, plant and equipment	6	281,486,582	275,727,098
Intangible assets	7	2,493,245	3,699,953
Deferred tax	9	3,556,474	2,931,552
		288,096,176	**282,941**
Non-Current Assets		288,096,176	282,941,297
Current Assets		93,072,032	67,240,186
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		**381,168,208**	**350,181,483**
LIABILITIES			
Current Liabilities			
Loans from shareholders	2	27,979,123	37,415,097
Current tax payable		9,135,778	3,016,547
Finance lease obligation	10	1,262,979	627,959
Trade and other payables	11	66,849,267	50,252,350
VAT payable	12	8,782	1,619,203
Provisions	13	1,096,460	1,487,968
		106,332,389	**94,419,124**
Non-Current Liabilities			
Loans from shareholders	2	162,924,350	175,059,800
Finance lease obligation	10	1,033,178	646,891
Employee benefit obligation	14	2,817,000	3,578,000
Deferred tax	9	80,760	-
		166,855,288	**179,284,691**
Non-Current Liabilities		166,855,288	179,284,691
Current Liabilities		106,332,389	94,419,124
Liabilities of disposal groups		-	-
Total Liabilities		**273,187,677**	**273,703,815**
Assets		381,168,208	350,181,483
Liabilities		(273,187,677)	(273,703,815)
Net Assets		**107,980,531**	**76,477,668**
NET ASSETS			
Share capital	15	20,000,000	20,000,000
Accumulated surplus		87,980,531	56,477,668
Total Net Assets		**107,980,531**	**76,477,668**

Statement of Financial Performance for the year ended 30 June

Figures in Rand	Note(s)	2011	2010
Revenue			
Commission	17	189,888,995	180,183,014
Storage	17	4,577,231	4,079,830
Rental facilities and equipment	17	28,395,460	24,205,996
Banana ripening fees	17	3,964,570	3,266,560
Fair value adjustments	17	88,752	81,361
Miscellaneous other revenue	17	778,431	682,036
Discount received	18	23,344	62,257
Bad debts recovered	18	50,600	103,380
Sundry revenue	18	1,846,154	2,684,223
Cash handling fees	18	4,352,169	4,287,100
Interest received	22	5,188,083	4,161,035
Total Revenue		**239,153,789**	**223,796,792**
Expenditure			
Personnel	20	(77,328,700)	(70,628,178)
Depreciation and amortisation	23	(13,028,405)	(12,398,999)
Impairment loss	38	(143,274)	-
Finance costs	24	(21,996,425)	(24,900,849)
Bad debts	21	(2,667,966)	(1,372,804)
Repairs and maintenance		(6,264,622)	(6,684,639)
General Expenses	19	(69,903,960)	(67,131,423)
Total Expenditure		**(191,333,352)**	**(183,116,892)**
(Loss) gain on disposal of assets and liabilities		(618,468)	52,532
Taxation	25	(15,699,106)	(12,393,435)
Revenue		239,153,789	223,796,792
Expenditure		(191,333,352)	(183,116,892)
Other		(16,317,574)	(12,340,903)
Surplus for the year after tax		**31,502,863**	**28,338,997**

The Johannesburg Fresh Produce Market SOC Limited

(Registration number 2000/023383/07)
Trading as Joburg Market
Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Share premium	Total share capital	Accumulated surplus	Total equity
Balance at 01 July 2009		**1**	**19,999,999**	**20,000,000**	**28,138,671**	**48,138,671**
Changes in net assets						
Surplus for the year		-	-	-	28,338,997	28,338,997
Total changes		-	-	-	28,338,997	28,338,997
Balance at 01 July 2010		**1**	**19,999,999**	**20,000,000**	**56,477,668**	**76,477,668**
Changes in net assets						
Surplus for the year		-	-	-	31,502,863	31,502,863
Total changes		-	-	-	31,502,863	31,502,863
Balance at 30 June 2011		**1**	**19,999,999**	**20,000,000**	**87,980,531**	**107,980,531**

Cash Flow Statement for the year ended 30 June

Figures in Rand	Note(s)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		232,556,229	223,494,381
Interest income		5,188,083	4,161,035
		237,744,312	227,655,416
Payments			
Employee costs		(75,609,786)	(68,824,778)
Suppliers		(66,558,774)	(94,270,632)
Finance costs		(21,724,145)	(24,764,725)
Taxes on surpluses	28	(10,124,036)	(6,092,692)
		(174,016,741)	(193,952,827)
Total receipts		237,744,312	227,655,416
Total payments		(174,016,741)	(193,952,827)
Net cash flows from operating activities	27	**63,727,571**	**33,702,589**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(18,425,194)	(18,176,629)
Proceeds from sale of property, plant and equipment	6	105,087	3,779,238
Proceeds from sale of other intangible assets	7	-	1,782
Other cash item		(2)	3
Net cash flows from investing activities		**(18,320,109)**	**(14,395,606)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shareholders loan		13,429,399	20,246,956
Repayment of shareholders loan		(59,534,284)	(45,718,344)
Finance lease payments		749,027	(3,791,578)
Net cash flows from financing activities		**(45,355,858)**	**(29,262,966)**
Net increase/(decrease) in cash and cash equivalents		**51,604**	**(9,955,983)**
Cash and cash equivalents at the beginning of the year		13,170,111	23,126,094
Cash and cash equivalents at the end of the year	4	**13,221,715**	**13,170,111**

Accounting Policies

1. Presentation of Annual Financial Statements

The 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 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.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from " se estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 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.

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 entity 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 entity 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 us o 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 entity for similar financial instruments.

Impairment testing

The recoverable (service) amounts of individual assets and cash-generating units 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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity 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 tangible assets are inherently uncertain and could materially change over time.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

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 13 - Provisions.

Employee benefit Obligation

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 entity 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 entity 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 14.

Effective interest rate

The entity uses an appropriate interest rate taking into account guidance provided in the accounting standards and applying professional judgment, to the specific circumstances, to discount future cash flows.

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.

Useful lives and residual value

The useful lives of property, plant and equipment are reviewed at each reporting date. Their useful lives are estimated by management based on historical analysis and other available information.

The residual values of property, plant and equipment are reviewed at each balance sheet date. Their residual values are estimated by management based on historical analysis and other available information.

The carrying amounts of the assets are disclosed in note 6.

1.2 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 entity, 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.

Accounting Policies

1.2 Investment property (continued)

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.

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

Investment property is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of investment property have been assessed as follows:

Item	Average useful life
Investment Property	30 years

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or serv. 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.

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

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.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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 impairment losses.Land is not depreciated, as it is deemed to have an indefinite useful life. Capital work in progress is carried at cost.

Accounting Policies

1.3 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.

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

Item	Average useful life
Buildings	30 years
Plant and machinery	10-12 years
Furniture and fixtures	7 - 9 years
Motor vehicles	8 - 10 years
Office equipment	7 - 9 years
IT equipment	5 - 7 years
Finance leased assets	2 - 5 years

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 unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Compensation from third parties for an item of property, plant and equipment that was impaired, lost of given up is recognised in surplus or deficit when compensation becomes receivable.

Assets held under finance leases are depreciated over the shorter of the lease term and their expected useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term.

The entity test impairment where there is an indication that the assets may be impaired.

1.4 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 entity 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 entity; 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.

Accounting Policies

1.4 Intangible assets (continued)

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 impairment losses.

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

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

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

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

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

Item	Useful life
Computer software	3 - 5 years

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

1.5 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

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

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) economic entities

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

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

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

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the entity's continuing involvement is the amount of the transferred asset that the entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

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

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

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

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

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

1.7 Leases

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

Finance leases - lessee

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of 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.The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

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.

Accounting Policies

1.7 Leases (continued)

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

Any contingent rent is recognised separately as revenue when received or receivable and are not straight-lined over the lease term.

Income for leases is disclosed under revenue in 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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straig e basis over the lease term.

Any contingent rent is recognised separately as expenditure when paid or payable and are not straight-lined over the lease term.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

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

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

Accounting Policies

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

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

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

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

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

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

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

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

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

1.10 Share capital

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

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

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

1.11 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Accounting Policies

1.11 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

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

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

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

Other post retirement obligations

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.13 Revenue from exchange transactions

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

1.14 Revenue from non-exchange transactions

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

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

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

1.15 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 entity 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 1.8 and 1.9. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

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 entity 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.

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

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

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

Accounting Policies

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure incurred in contravention of, or that is not in accordance with:

- (a)a requirement of the MFMA (Act No. 56 of 2003), and which has not been condoned in terms of section 170; or
- (b) a requirement of the Municipal System Act (Act No.32 of 2000), and which has not been condoned in terms of this Act; or
- (c)a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
  (d)a requirement of the supply chain management policy of the municipality or any of the municipality's by-law giving effect to such policy, and which has been condoned in terms of such policy or by-law.

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

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

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

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

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the period 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.

1.20 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Accounting Policies

1.21 Deviations from supply chain management policy

It is the policy of the entity is obtain written approval from the accounting officer for all deviations from the supply chain policy.

1.22 Offsetting

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

1.23 Budget information

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury. Refer to note 40.

1.24 Statements on GRAP not yet effective

The following standards of GRAP were in issue but not yet effective during the period under review:

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 26 - Impairment of Cash-Generating Assets.
GRAP 103 - Heritage Assets.

The effect as a result of the adoption of the above GRAP standards will have no material impact on the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. LOANS TO/(FROM) SHAREHOLDER

City of Johannesburg Metropolitan Municipality - Shareholder's loan	-	(6,000,000)
City of Johannesburg Metropolitan Municipality - Conduit Mirror loan	-	(9,548,107)
City of Johannesburg Metropolitan Municipality - Capital expenditure claim	10,328,444	6,969,780
City of Johannesburg Metropolitan Municipality - Current account	(10,328,444)	(6,969,780)
City of Johannesburg Metropolitan Municipality - Capital expenditure loans	(180,575,029)	(189,957,010)
City of Johannesburg Metropolitan Municipality - Sweeping account	44,495,318	23,320,521
	(136,079,711)	**(182,184,596)**
Current assets	54,823,762	30,290,301
Non-current liabilities	(162,924,350)	(175,059,800)
Current liabilities	(27,979,123)	(37,415,097)
	(136,079,711)	**(182,184,596)**

Credit quality of loans to shareholder

The credit quality of loans to shareholder that are neither past due nor impaired can be assessed by reference to external credit ratings and to historical information about counterparty default rates.

Fair value of loans to and from shareholder

Loans to shareholder	54,823,762	30,290,301
Loans from shareholders	190,903,473	212,474,897

Loans to shareholder past due but not impaired

Loans to shareholder which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 54,823,762 (2010: R30,290,301) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	54,823,762	30,290,301

Shareholder's loan

Loan at beginning of the year	(6,000,000)	(12,000,000)
Repayments	6,571,139	7,482,433
Interest	(571,139)	(1,482,433)
	-	**(6,000,000)**

The unsecured shareholder's loan bears interest at 15% per annum, compounded monthly. The loan is repayable in forty equal quarterly capital payments of R 1 500 000 the first which commenced on 1 July 2001. The loan was fully paid on 30 June 2011.

Conduit mirror loan

Loan at beginning of the year	(9,548,107)	(17,773,889)
Repayments	10,474,081	10,613,664
Interest	(925,974)	(2,387,882)
	-	**(9,548,107)**

Figures in Rand	2011	2010

2. LOANS TO/(FROM) SHAREHOLDER (continued)

A conduit mirror loan is a loan taken by the City of Johannesburg Metropolitan Municipality on behalf of the entity. The unsecured conduit mirror loan bears interest at 15% per annum, compounded monthly. The loan capital repayments are not fixed and is repayable in forty quarterly instalments for the duration of the contract. The loan was fully paid on 30 June 2011.

Capital expenditure claim

Loans at beginning of the year	6,969,780	8,558,499
Payments received	(13,429,399)	(20,246,956)
Capex claimed	16,788,063	18,658,237
	10,328,444	**6,969,780**

Capital expenditure (Capex) amount due from City of Johannesburg Metropolitan Municipality. This loan is unsecured, interest free and payable within 3 months.

Current account

Loans at beginning of the year	(6,969,780)	(8,558,499)
Converted to long term loan	13,429,399	20,246,956
Capex claimed	(16,788,063)	(18,658,237)
	(10,328,444)	**(6,969,780)**

This loan is unsecured and interest free.This amount will be converted into a long term loan within 3 months.

Retirement benefit obligation

Loan at beginning of the year	-	1,777,583
Receipt	-	(1,777,583)
	-	-

Amounts due for the City of Johannesburg Metropolitan Municipality's portion of the post employment benefit obligation. This loan is unsecured and bears interest at 9,5%.There is no requirement for detailed supporting documentation to be provided when a claim is made. The entity has claimed the balance in line with The City of Johannesburg Metropolitan Municipality cash flow management requirements.

Capital expenditure loans

Loans at beginning of the year	(189,957,010)	(188,112,793)
Receipts	(13,429,399)	(20,246,956)
Repayments	42,348,779	38,186,020
Interest	(19,537,399)	(19,783,281)
	(180,575,029)	**(189,957,010)**

The Capex loans bear interest between 9% and 10,9%, compounded monthly. The capital repayments are not fixed and the loans are repayable in forty quarterly instalments over the duration of the contracts.

Sweeping account

Loan at beginning of the year	23,320,521	8,453,115
Receipts	78,595,967	69,897,232
Repayments	(59,393,999)	(56,282,117)
Interest	1,972,829	1,252,291
	44,495,318	**23,320,521**

Figures in Rand	2011	2010

2. LOANS TO/(FROM) SHAREHOLDER (continued)

The sweeping account loan is unsecured and bears interest at an average rate of 5.59% per annum. The bank balance for the ABSA business account is rolled over on a daily basis into the sweeping account. The loan is repayable on demand.

3. TRADE AND OTHER RECEIVABLES

Trade debtors	24,751,994	20,333,830
Prepayments	2,127,699	1,821,296
Operating lease receivables	835,613	1,586,868
Less: Provision for impairment	(5,375,431)	(3,065,948)
Sundry debtor	2,726,220	3,149,626
Adjustment to fair value at amortised cost	(39,540)	(45,898)
	25,026,555	**23,779,774**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 22,102,783 (2010: R 20,407,611) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	19,813,012	17,366,029
2 months past due	213,415	699,218
3 months past due	2,076,356	2,342,364

Trade and other receivables impaired

As of 30 June 2011, trade and other receivables of R 5,375,431 (2010: R 3,065,948) were impaired and provided for.

The ageing of these loans is as follows:

3 to 6 months	321,965	453,062
Over 6 months	5,053,466	2,612,886

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(3,065,948)	(3,625,657)
Provision for impairment	(2,680,511)	(1,286,665)
Amounts written off as uncollectible	362,200	1,915,533
Unused amounts reversed	8,828	(69,159)
	(5,375,431)	**(3,065,948)**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 21). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	12,000	12,000
Bank balances	13,209,715	13,158,111
	13,221,715	**13,170,111**

The carrying amounts of these assets approximates their fair value. None of the cash and cash equivalents were pledged as security for any financial liabilities.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
ABSA Bank - Deposit account - 405-439-4655	12,065,791	11,517,906	21,364,403	12,392,454	13,101,402	21,898,163
ABSA Bank - Trust account - 405-442-3252	-	-	-	-	(18,681)	(168)
ABSA Bank - Business account - 405-439-4663	-	-	-	54,025	(354,899)	(220,878)
ABSA Bank - RD cheque account - 405-439-4689	-	80,524	161,786	-	80,524	161,786
First National Bank - Business account - 620-124-71257	763,236	349,766	1,275,191	763,236	349,765	1,275,191
Total	**12,829,027**	**11,948,196**	**22,801,380**	**13,209,715**	**13,158,111**	**23,114,094**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

5. INVESTMENT PROPERTY

	2011			2010		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	811,061	(251,186)	559,875	811,061	(228,367)	582,694

Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Investment property	582,694	(22,819)	559,875

Reconciliation of investment property - 2010

	Opening balance	Depreciation	Total
Investment property	605,513	(22,819)	582,694

Details of property

Investment property that was purchased from The City of Johannesburg Metropolitan Municipality, in terms of the sale of business agreement, dated 03 July 2000, has not yet been transferred into the name of the entity due to the absence of a framework provided by Section 14(6) of the Municipal Finance Management Act 2003. National Treasury has been engaged by The City of Johannesburg Metropolitan Municipality with the aim of resolving the matter.

Investment Property consists of the following:

Stand 118 City Deep Extension 2, Johannesburg, Gauteng - comprising of retail shops.

The market value of the property as determined by an independent valuator as at 16 June 2011 is R11,611,600.

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 R1,376,551 (2010: R1,305,319).

Expenditure incurred during the year on investment property amounted to Rnil (2010:RNil).

Notes to the Annual Financial Statements

Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,639,000	-	17,639,000	17,639,000	-	17,639,000
Buildings	243,749,250	(50,410,704)	193,338,546	242,549,559	(42,603,664)	199,945,895
Plant and machinery	12,322,006	(4,650,699)	7,671,307	9,981,711	(4,052,253)	5,929,458
Furniture and fixtures	3,461,944	(2,090,059)	1,371,885	3,553,964	(1,855,728)	1,698,236
Motor vehicles	2,918,711	(936,221)	1,982,490	2,609,514	(680,890)	1,928,624
Office equipment	1,026,550	(416,295)	610,255	1,043,569	(379,300)	664,269
IT equipment	12,261,455	(6,473,236)	5,788,219	12,451,114	(5,808,756)	6,642,358
Capital work in progress	50,680,336	-	50,680,336	40,185,254	-	40,185,254
Finance lease assets	3,916,704	(1,512,160)	2,404,544	2,205,174	(1,111,170)	1,094,004
Total	**347,975,956**	**(66,489,374)**	**281,486,582**	**332,218,859**	**(56,491,761)**	**275,727,098**

Notes to the Annual Financial Statements

Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	17,639,000	-	-	-	-	-	17,639,000
Buildings	199,945,895	522,999	(461,734)	1,405,687	(8,074,301)	-	193,338,546
Plant and machinery	5,929,458	50,500	(175,764)	2,812,500	(802,113)	(143,274)	7,671,307
Furniture and fixtures	1,698,236	42,484	(26,116)	-	(342,719)	-	1,371,885
Motor vehicles	1,928,624	309,199	-	-	(255,333)	-	1,982,490
Office equipment	664,269	73,506	(19,582)	-	(107,938)	-	610,255
IT equipment	6,642,358	694,142	(40,359)	-	(1,507,922)	-	5,788,219
Capital work in progress	40,185,254	14,713,269	-	(4,218,187)	-	-	50,680,336
Finance lease assets	1,094,004	2,019,095	-	-	(708,555)	-	2,404,544
	275,727,098	**18,425,194**	**(723,555)**	**-**	**(11,798,881)**	**(143,274)**	**281,486,582**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	17,639,000	-	-	-	-	17,639,000
Buildings	190,535,079	1,588,057	(40,500)	15,528,740	(7,665,481)	199,945,895
Plant and machinery	5,833,477	931,109	(47,585)	34,044	(821,587)	5,929,458
Furniture and fixtures	1,796,197	242,836	(14,471)	-	(326,326)	1,698,236
Motor vehicles	920,115	1,161,225	-	-	(152,716)	1,928,624
Office equipment	666,030	99,687	(1,310)	-	(100,138)	664,269
IT equipment	6,471,155	1,374,567	(16,057)	167,622	(1,354,929)	6,642,358
Capital work in progress	44,420,424	11,493,115	-	(15,728,285)	-	40,185,254
Finance lease assets	4,161,374	1,286,033	(3,606,783)	-	(746,620)	1,094,004
	272,442,851	**18,176,629**	**(3,726,706)**	**2,121**	**(11,167,797)**	**275,727,098**

Figures in Rand	2011	2010

6. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Assets subject to finance lease (Net carrying amount)

Finance lease assets	2,404,544	1,094,004

Details of properties

Freehold land and buildings to the value of R 77,582,957 were purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement dated 03 July 2000, but/and has not yet been transferred into the name of the entity due to the absence of a framework provided by Section 14(6) of the Municipal Finance Management Act 2003. National Treasury has been engaged by The City of Johannesburg Metropolitan Municipality with the a' of resolving the matter.

Land and buildings comprise of the following properties:

Stand 117 City Deep Extention 2, Johannesburg, Gauteng - Market floors, retail outlets and an office block.

7. INTANGIBLE ASSETS

	2011			2010		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6,506,146	(4,012,901)	2,493,245	6,514,161	(2,814,208)	3,699,953

Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Computer software	3,699,953	(1,206,708)	2,493,245

Reconciliation of intangible assets - 2010

	Opening balance	Disposals	Transfers	Amortisation	Total
Computer software	4,912,238	(1,782)	(2,120)	(1,208,383)	3,699,953

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

8. FINANCIAL ASSETS BY CATEGORY

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

2011

	Loans and receivables	Total
Loans to shareholders	54,823,762	54,823,762
Trade and other receivables	25,026,555	25,026,555
Cash and cash equivalents	13,221,715	13,221,715
	93,072,032	**93,072,032**

2010

	Loans and receivables	Total
Loans to shareholders	30,290,301	30,290,301
Trade and other receivables	23,779,774	23,779,774
Cash and cash equivalents	13,170,111	13,170,111
	67,240,186	**67,240,186**

9. DEFERRED TAX

Deferred tax asset / (liability)

Liabilities for health care benefits accrued	788,760	1,001,840
Provisions	1,135,647	795,213
Trade and other receivables	1,389,859	133,438
Leases	(80,760)	50,637
Trade and other payables	242,208	950,424
	3,475,714	**2,931,552**

Deferred tax asset / (liability)

At beginning of the year	2,931,552	2,629,109
Originating temporary difference on tangible fixed assets	306,322	(24,172)
Movement in temporary timing differences	(290,416)	674,655
Temporary difference on retirement benefits	(213,080)	(348,040)
Income received in advance	741,336	-
	3,475,714	**2,931,552**

Deferred Tax Summary

Deferred tax assets	3,556,474	2,931,552
Deferred tax liability	(80,760)	-
	3,475,714	**2,931,552**

Figures in Rand	2011	2010

10. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	(1,428,160)	(729,485)
- in second to fifth year inclusive	(1,093,434)	(692,953)
	(2,521,594)	(1,422,438)
less: future finance charges	225,437	147,588
Present value of minimum lease payments	**(2,296,157)**	**(1,274,850)**
Present value of minimum lease payments due		
- within one year	(1,262,979)	(627,959)
- in second to fifth year inclusive	(1,033,178)	(646,891)
	(2,296,157)	**(1,274,**)
Non-current liabilities	1,033,178	646,891
Current liabilities	1,262,979	627,959
	2,296,157	**1,274,850**

It is entity policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 12% (2010: 13%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The entity has not defaulted on any of its interest or capital repayments during the year, and none of the terms and conditions of the finance leases were re-negotiated.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 6.

11. TRADE AND OTHER PAYABLES

Trade payables	41,890,980	33,765,994
Accrued leave pay	3,795,037	3,475,730
Accrued staff 13th cheques	2,085,504	1,909,306
Creditors accruals	461,056	4,736,998
Municipal, payroll and sundry accruals	17,367,378	4,862,
Retentions	865,027	1,352,000
Related party creditor	384,285	149,854
	66,849,267	**50,252,350**

The entity has not defaulted on any of its payments. The terms and conditions of trade and other payables were not re-negotiated.

The carrying amounts of the financial liabilities approximates their fair value due.

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

Fair value of trade and other payables

Trade payables	66,849,268	50,252,347

12. VAT PAYABLE

Tax refunds payable	8,782	1,619,203

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

13. PROVISIONS

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance Bonus	1,487,968	1,210,766	(1,042,199)	(560,075)	1,096,460

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	1,203,995	1,388,449	(1,104,476)	1,487,968

Performance evaluation for bonuses is only performed after year end and the provision is based on management's best estimate of the expected outflow of economic benefits based on past experience.

14. EMPLOYEE BENEFIT OBLIGATIONS

14.1Defined benefit plan

The actuarial valuations were done by Independent Actuarial Consultants, an independent post retirement plan administrator,and they determined that the retirement plans were in a sound financial position, taking into account the notional loan account receivable from The City of Johannesburg Metropolitan Municipality.

Post-retirement liability		
Post-Retirement Medical Aid Plan	(825,000)	(1,171,000)
Post-Retirement Housing Subsidy Plan	(29,000)	(38,000)
Retirement Gratuity Plan	(1,963,000)	(2,369,000)
	(2,817,000)	**(3,578,000)**

14.1.1Post retirement medical aid plan

The Johannesburg Fresh Produce Market SOC Limited has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. There is currently 1 qualifying staff member.

Movements for the year

Opening balance	1,171,000	533,000
Benefits paid	(7,000)	-
Net expense recognised in the statement of financial performance	(339,000)	638,000
	825,000	**1,171,000**

Net expense recognised in the statement of financial performance

Current service cost	37,000	19,000
Interest cost	106,000	45,000
Actuarial (gains) losses	(482,000)	574,000
	(339,000)	**638,000**

Figures in Rand	2011	2010

14. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

Discount rates used	8.60 %	9.00 %
Expected increase in salaries	5.60 %	5.90 %

The total estimated contribution expected to be paid in the next financial year amounts to R39,528.

The liability is sensitive to the real rate of return earned (i.e. the difference between the rate of discount and the rate at which medical aid contributions increase) as illustrated below :
- 1% increase in discount rate will reduce the liability to R779,000
- 1% decrease in discount rate will increase the liability to R855,000.

14.1.2Post retirement housing subsidy plan

The Johannesburg Fresh Produce Market SOC Limited 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 being received at the date of valuation. The subsidy amount is assumed to remain constant and to continue for a period of 5 years after retirement. There is currently 1 qualifying staff member.

The above liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The Johannesburg Fresh Produce Market SOC Limited who are entitled to benefits that relate to their service with The City of Johannesburg Metropolitan Municipality from the time that The Johannesburg Fresh Produce Market SOC Limited was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account and against which the entity 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 Johannesburg Fresh Produce Market SOC Limited.

Movements for the year

Opening balance	38,000	58,000
Net expense recognised in the statement of financial performance	(9,000)	(20,000)
	29,000	**38 000**

Net expense recognised in the statement of financial performance

Current service cost	2,000	1,000
Interest cost	3,000	5,000
Actuarial (gains) losses	(14,000)	(26,000)
	(9,000)	**(20,000)**

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

Discount rates used	8.60 %	9.00 %

The total estimated contribution expected to be paid in the next financial year amounts to R7,128.

The liability is sensitive to the real rate of return earned (i.e. the difference between the rate of discount and the rate at which medical aid contributions increase) as illustrated below :
- 1% increase in discount rate will reduce the liability to R28,490
- 1% decrease in discount rate will increase the liability to R29,760.

Figures in Rand	2011	2010

14. EMPLOYEE BENEFIT OBLIGATIONS (continued)

14.1.3Post retirement gratuity plan

The Johannesburg Fresh Produce Market SOC Limited provides gratuities on retirement or prior death in respect of certain qualifying staff members who have service with The City of Johannesburg Metropolitan Municipality or The Johannesburg Fresh Produce Market SOC Limited when they were not members of one of the retirement funds and who meet certain service requirements in terms of The City of Johannesburg Metropolitan Municipality's conditions of employment. The gratuity amount is based on 1 month's salary per year of non-retirement funding service.There are currently 19 qualifying staff members.

The above liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The Johannesburg Fresh Produce Market SOC Limited who are entitled to benefits that relate to their service with The City of Johannesburg Metropolitan Municipality from the time that the entity was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account and against which the entity 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 Johannesburg Fresh Produce Market SOC Limited.

The plan is a post-employment gratuity benefit plan.

Movements for the year

Opening balance	2,369,000	2,259,000
Benefits paid	(353,000)	(353,000)
Net expense recognised in the statement of financial performance	(53,000)	463,000
	1,963,000	**2,369,000**

Net expense recognised in the statement of financial performance

Interest cost	214,000	190,000
Actuarial (gains) losses	(267,000)	273,000
	(53,000)	**463,000**

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

Discount rates used	8.60 %	9.00 %
Expected increase in salaries	5.60 %	5.90 %

The total estimated contribution expected to be paid in the next financial year amounts to R96,660.

The liability is sensitive to the real rate of return earned (i.e. the difference between the rate of discount and the rate at which medical aid contributions increase) as illustrated below :
- 1% increase in discount rate will reduce the liability to R1,862,000
- 1% decrease in discount rate will increase the liability to R2,074,000.

Figures in Rand	2011	2010

14. EMPLOYEE BENEFIT OBLIGATIONS (continued)

14.2Defined contribution plan

All employees transferred from The City of Johannesburg Metropolitan Municipality belong to various defined benefit plans established by The City of Johannesburg Metropolitan Municipality. New employees belong to the entity's retirement fund, a defined contribution plan established subsequent to the date of acquisition.

The total amount recognised as an expense for defined contribution plans for the year amounts to R4,931,313 (2010: R4,711,761).

During 2005 the City entered into an agreement with the Johannesburg Municipal Pension Fund and the City of Johannesburg Pension Fund to the effect that, in return for payment of an amount of R400 million plus interest from 1 January 2006:
- Except as set out below, the assets and liabilities of the City of Johannesburg Pension Fund will be merged into the Johannesburg Municipal Pension Fund and the City will sever all financial ties with the latter Fund.
- The City of Johannesburg Pension Fund will be converted into a defined contribution fund. Members will be given the option of remaining as members of the Fund and accruing future benefits on a defined contribution basis or of joining the The Johannesburg Fresh Produce Retirement Fund in respect of the accrual of future service benefits. Pensioners will be given the opportunity to transfer to an insurer instead of remaining pensioners of the Johannesburg Municipal Pension Fund.
- The settlement amount is to be adjusted to allow for any excess contributions paid until the effective date and for the cost of bonus service in respect of exited members.

The necessary provisions have been made in The City of Johannesburg Metropolitan Municipality financial statements.

15. SHARE CAPITAL

Authorised		
1 000 000 Ordinary shares of R0.01	10,000	10,000

Unissued ordinary shares are under the control of The City of Johannesburg Metropolitan Municipality.

Issued		
1 Ordinary share rounded up to R1	1	1
Share premium	19,999,999	19,999,999
	20,000,000	**20,000**

16. FINANCIAL LIABILITIES BY CATEGORY

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

2011

	Financial liabilities at amortised cost	Total
Loans from shareholders	190,903,473	190,903,473
Finance lease obligation	2,296,157	2,296,157
Trade and other payables	66,849,268	66,849,268
	260,048,898	**260,048,898**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

16. FINANCIAL LIABILITIES BY CATEGORY (continued)

2010

	Financial liabilities at amortised cost	Total
Loans from shareholders	212,474,897	212,474,897
Finance lease obligation	1,274,850	1,274,850
Trade and other payables	50,252,350	50,252,350
	264,002,097	**264,002,097**

17. REVENUE

Commission	189,888,995	180,183,014
Storage	4,577,231	4,079,830
Rental of facilities & equipment	28,395,460	24,205,996
Banana ripening fees	3,964,570	3,266,560
Fair value adjustments	88,752	81,361
Miscellaneous other revenue	778,431	682,036
	227,693,439	**212,498,797**

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

Commission	189,888,995	180,183,014
Storage	4,577,231	4,079,830
Rental of facilities & equipment	28,395,460	24,205,996
Banana ripening fees	3,964,570	3,266,560
Miscellaneous other revenue	778,431	682,036
	227,604,687	**212,417,436**

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

Fair value adjustments	88,752	81,361

18. OTHER REVENUE

Discount received	23,344	62,257
Bad debts recovered	50,600	103,380
Other sundry revenue	1,846,154	2,684,223
Cash handling fees	4,352,169	4,287,100
	6,272,267	**7,136,960**

Notes to the Annual Financial Statements

Figures in Rand		2011	2010
19. GENERAL EXPENSES			
Advertising		6,243,181	6,097,771
Assessment rates & municipal charges		1,521,674	946,769
Assets expensed		243,591	92,999
Auditors remuneration		1,475,924	1,100,963
Bank charges		5,373,059	4,957,178
Cash Losses/Fraud		-	20,000
Cleaning		3,869,281	4,842,596
Conferences and seminars		791,636	673,155
Consulting and professional fees		6,036,597	6,432,769
Consumables		530,991	425,135
Donations		274,511	191,361
Electricity		15,339,543	13,036,[illegible]2
Entertainment		39,747	14[illegible]3
Gifts		18,264	4,177
Hostel charges		83,267	108,481
IT expenses		4,621,583	3,807,083
Insurance		922,593	1,366,087
Irregular, fruitless and wasteful expenditure		2,464	130,497
Laboratory charges		37,058	32,382
Lease rentals on operating lease		301,541	47,547
Marketing		371,321	188,363
Motor vehicle expenses		768,052	606,507
Placement fees		543,833	736,890
Postage and courier		5,403	7,147
Printing and stationery		1,140,960	1,361,216
Protective clothing		405,505	242,462
Refuse		2,285,407	3,062,593
Secretarial fees		6,371	8,254
Security (Guarding of municipal property)		7,135,351	4,885,193
Sewerage and waste disposal		1,871,882	2,809,782
Staff welfare		975,447	622,664
Subscriptions and membership fees		149,558	152,550
Telephone and fax		1,164,116	1,315,825
Training		1,455,968	2,195,314
Travel - local		578,754	675,978
Travel - overseas		287,012	947[illegible]
Water		3,032,515	2,857,[illegible]8
		69,903,960	**67,131,423**
20. EMPLOYEE RELATED COSTS			
Employee related costs : Salaries and wages		60,676,743	54,041,055
Overtime payments		657,197	418,776
Bonus		4,397,708	4,764,700
UIF		358,181	398,795
WCA		570,038	488,063
SDL		621,584	561,028
Other payroll costs		3,214,776	3,654,766
Leave pay provision charge		1,012,715	610,177
Pension costs		510,894	626,241
Gratuities		377,551	352,816
Provident fund	14	4,931,313	4,711,761
		77,328,700	**70,628,178**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
21. DEBT IMPAIRMENT		
Bad debts	39,697	20,341
Contributions to bad-debt provision	2,628,269	1,352,463
	2,667,966	**1,372,804**
22. INVESTMENT REVENUE		
Interest revenue		
Bank	2,960,273	2,766,502
Interest earned - outstanding debtors	254,981	142,242
Interest earned - sweeping accounts	1,972,829	1,252,291
	5,188,083	**4,161,035**
	5,188,083	4,161,035
23. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	11,798,880	11,167,797
Investment property	22,819	22,819
Intangible assets	1,206,706	1,208,383
	13,028,405	**12,398,999**
24. FINANCE COSTS		
Interest paid on shareholder loans	21,034,512	23,653,596
Finance leases	272,280	136,124
Bank	5,403	1,606
Fair value adjustments: Notional interest	314,419	380,365
Other interest paid	369,811	729,158
	21,996,425	**24,900,849**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

25. TAXATION

Major components of the tax expense

Current		
Local income tax - current period	15,458,049	13,078,787
Local income tax - recognised in current tax for prior periods	785,218	(382,910)
	16,243,267	**12,695,877**
Deferred		
Originating and reversing temporary differences	155,000	1,214,756
Arising from prior period adjustments	(699,161)	(1,517,198)
	(544,161)	**(30 '2)**
Current	16,243,267	12,695,877
Deferred	(544,161)	(302,442)
	15,699,106	**12,393,435**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %
Disallowable charges	5.08 %	7.09 %
Current tax - prior period adjustment	1.66 %	(4.66)%
Deferred tax - prior year adjustment	(1.48)%	- %
	33.26 %	**30.43 %**

26. AUDITORS' REMUNERATION

Fees	1,475,924	1,100,963

27. CASH GENERATED FROM OPERATIONS

Surplus	31,502,863	28,338,087
Adjustments for:		
Depreciation and amortisation	13,028,405	12,398,999
(Gain) loss on sale of assets and liabilities	618,468	(52,532)
Finance costs - Finance leases	272,280	136,124
Impairment deficit	143,274	-
Debt impairment	2,667,966	1,372,804
Movements in retirement benefit assets and liabilities	(761,000)	728,000
Movements in provisions	(391,508)	283,973
Movement in tax receivable and payable	6,119,231	6,603,185
Annual charge for deferred tax	155,000	1,214,756
Other non-cash items - deferred tax prior period	(699,161)	(1,517,198)
Changes in working capital:		
Trade and other receivables	(3,914,747)	876,859
Trade and other payables	16,596,921	(17,635,278)
VAT	(1,610,421)	953,900
	63,727,571	**33,702,589**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

28. TAX PAID

Balance at beginning of the year	(3,016,547)	3,586,638
Current tax for the year recognised in surplus or deficit	(16,243,267)	(12,695,877)
Balance at end of the year	9,135,778	3,016,547
	(10,124,036)	**(6,092,692)**

29. COMMITMENTS

Commitments in respect of capital expenditure:

Authorised and not yet contracted for		
• Property, plant and equipment	18,000,000	18,000,000
Authorised and contracted for		
• Property, plant and equipment	4,617,444	2,557,653
This expenditure will be financed from:		
External Loans	22,617,444	20,557,653

Operating leases – as lessor (income)

Minimum lease payments due		
- within one year	2,076,721	3,304,582
- in second to fifth year inclusive	2,145,929	3,846,498
- later than five years	3,120,085	4,845,048
	7,342,735	**11,996,128**

30. CONTINGENCIES

Economic entity

Other contingencies

Disputes with employees
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.

Disputes with suppliers
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.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

31. RELATED PARTIES

Relationships	
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	Johannesburg Social Housing Company SOC Ltd
	City Power Johannesburg SOC Ltd
	Johannesburg Water SOC Ltd
	Pikitup Johannesburg SOC Ltd
	The Johannesburg Zoo NPC
Municipal Entities	Directors remuneration-Annexure H

Related party balances

Amounts included in Loans,		
Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality	54,823,762	30,290,301
The Johannesburg Zoo NPC	93,373	71,049
	54,917,135	**30,361,350**
Amounts included in Loans,		
Trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	190,943,373	212,614,730
Johannesburg Social Housing Company SOC Ltd	13,261	10,021
City Power Johannesburg SOC Ltd	331,123	-
	191,287,757	**212,624,751**

Related party transactions

Sales to related parties		
Johannesburg Zoo NPC	493,451	387,534
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	24,307,464	-
Johannesburg Social Housing Company SOC Ltd	85,611	113,779
City Power Johannesburg SOC Ltd (CJMM)	-	12,257,[illegible]
Johannesburg Water SOC Ltd (CJMM)	-	6,058,
	24,393,075	**18,429,582**
Interest paid to related parties		
City of Johannesburg Metropolitan Municipality	21,034,512	23,653,596
Insurance paid to related party		
City of Johannesburg Metropolitan Municipality	833,498	1,512,244
Assessment rates paid to related party		
City of Johannesburg Metropolitan Municipality	1,528,685	943,882
WCA occupational health and safety paid to related party		
City of Johannesburg Metropolitan Municipality	570,038	488,063

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

32. DIRECTORS' EMOLUMENTS

Executive

2011

	Emoluments	Other benefits	Pension paid or receivable	Compensation for retirement	Total
For services as chief executive officer	1,404,492	160,386	129,790	1,231,154	2,925,822
For services as chief financial officer	1,034,004	-	202,863	-	1,236,867
For services as senior management	1,523,911	82,054	223,820	-	1,829,785
	3,962,407	**242,440**	**556,473**	**1,231,154**	**5,992,474**

2010

	Emoluments	Other benefits	Pension paid or receivable	Total
For services as chief executive officer	1,077,228	153,279	177,926	1,408,433
For services as chief financial officer	727,379	51,132	133,352	911,863
For services as senior management	2,567,276	317,074	359,241	3,243,591
	4,371,883	**521,485**	**670,519**	**5,563,887**

Non-executive

2011

	Directors' fees	Total
Mr L Tshwete (Chairman)	150,785	150,785
Mr C Finlayson	97,567	97,567
Dr M Makhura	76,390	76,390
Ms R Manning	174,524	174,524
Mr M Morokolo	87,298	87,298
Mr B Netshiswinzhe	87,306	87,306
Dr S Ngqangweni	100,210	100,210
Ms N Singh (Acting Chairman : Audit and Risk Committee)	273,280	273,280
Mr S Tsoku (Deceased)	19,840	19,840
Ms M Vuso	89,280	89,280
Mr G Zabala	18,850	18,850
	1,175,330	**1,175,330**

Figures in Rand	2011	2010

32. DIRECTORS' EMOLUMENTS (continued)

2010

	Directors' fees	Total
Mr L Tshwete (Chairman)	172,774	172,774
Mr C Finlayson	22,820	22,820
Dr M Makhura	92,826	92,826
Ms R Manning	103,747	103,747
Mr M Morokolo	83,284	83,284
Mr B Netshiswinzhe	70,311	70,311
Dr S Ngqangweni	75,436	75,436
Ms N Singh (Acting Chairman : Audit and Risk Committee)	58,616	58,616
Mr S Tsoku (Deceased)	165,156	165 156
Ms M Vuso	88,376	88 376
	933,346	**933,346**

33. RISK MANAGEMENT

Financial risk management

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

The entity is exposed to a number of risks which include finance and operation risks. All risks are captured in a series of registers. The entity manages its risks in terms of the risk management framework adopted by the City of Johannesburg Metropolitan Municipality. The Board is empowered to ensure the execution of the risk management policy and guiding intervention. Management reports risk status and interventions to the Board. Finance management and the lodging of risks are exercised against the backdrop of the principles embedded in the King II report on Corporate Governance. Risk registers are regularly updated and independently evaluated by the Audit Committee of the entity. As the entity is largely self insured loss control remains an integral part of risk management. The entity reports comprehensively on risks to the City of Johannesburg Metropolitan Municipality on a monthly, quarterly and annual basis.

Liquidity risk

Liquidity risk arises as a result of operations that cannot be funded and financial commitments that cannot be met timeously and cost effectively due to cash shortages. Prudent liquidity risk management implies maintaining suffi t cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities d the ability to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from shareholders	27,979,123	58,947,567	81,377,438	22,599,345
Trade and other payables	66,849,268	-	-	-
Finance leases	1,262,979	1,033,178	-	-

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

33. RISK MANAGEMENT (continued)

At 30 June 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from shareholders	37,415,097	50,922,186	88,535,353	35,602,261
Trade and other payables	50,252,350	-	-	-
Finance leases	627,959	646,891	-	-

Interest rate risk

This refers to the potential variability in the entity's financial condition owing to changes in interest rate levels. The entity's borrowings in interest bearing loans give rise to exposure to this risk.

As the has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity 's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the to fair value interest rate risk. All group borrowings are at fixed interest rates over the period of the loan agreements and the company is not exposed to any changes in interest rates.

At year end other financial instruments exposed to interest rate risk were balances with banks.

Credit risk

Credit risk is the risk of an economic loss arising from the failure of the counter party to fulfill it's contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, loans to shareholder and trade and other receivables. The only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Loans to shareholders is managed on a monthly basis and the entity is currently not exposed to any risk regarding recoverability of this amount.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

Some credit limits were exceeded during the reporting period, these are closely monitored and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2011	2010
Cash and cash equivalents	13,221,715	13,170,111
Trade and other receivables	25,026,555	23,779,774
Loans to shareholders	54,823,762	30,290,301

Figures in Rand	2011	2010

34. GOING CONCERN

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

The ability of the entity to continue as a going concern is dependent on financial support of the entity's only shareholder, The City of Johannesburg Metropolitan Municipality, which The City of Johannesburg Metropolitan Municipality confirmed.

35. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure		
Irregular expenditure current year	19,354,822	-
Irregular expenditure prior years	30,883,082	-
	50,237,904	-

2011

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.

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.

2010

The entity is disputing an invoice for the provision of specialised cleaning services aimed at the prevention of contamination in trading halls due to the original scope being exceeded. The necessary disciplinary action was taken.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

36. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Audit fees

Opening balance	-	470,138
Current year audit fee	1,479,968	1,107,084
Amount paid - current year	2,757	-
Amount paid - previous years	(1,482,725)	(1,577,222)
	-	-

PAYE and UIF

Opening balance	-	737,377
Current year expense	12,973,776	12,124,037
Amount paid - current year	(11,317,232)	(12,127,037)
Amount paid - previous years	-	(734,377)
	1,656,544	-

Pension and Medical Aid Deductions

Opening balance	511,252	-
Current year expense	5,163,766	6,652,472
Amount paid - current year	(5,675,018)	(6,141,220)
	-	**511,252**

VAT

VAT payable	8,782	1,619,203

VAT output payables and VAT input receivables are shown in note 12.

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

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

37. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

Deviations authorised by Acting CEO	Total
Installation of standby generator	58,430
Additional work to generator No.2	276,440
Hand held devices	140,009
Strategy session facilitation	78 000
Focus planning group	12 0
Compliation of AFS	96,950
Oracle software licensing and support	588,763
Promotion, trade fairs and exhibitions	74,390
Main building repairs	29,730
Ablution block repairs	95,940
Specialised assitance for the annual report 2010, new IDP and AG issues	2,275,087
Repairs at Hall 1	29,440
Cabling network repairs	50,716
Repair mascot costumes	8,270
Install a NEC/NER switch	278,260
Removal of fallen tree	35,500
Repairs to damaged cable to main building	159,600
Electrical repairs	117,273
Recruitment advisor	13,895
UPS room repairs	93,819
Geotechnical Survey	42,320
Repair roof leaks	128,000
Buyers cards	37,350
Job profile for executive position	4,552
Servicing of air conditioners in IT	35,850
	4,874,584

There were 26 deviations (R7,687,084) for emergencies, sole suppliers and when it was impractical to follow the s... ...y chain process.

38. IMPAIRMENT OF ASSETS

Impairments		
Property, plant and equipment	143,274	-
	143,274	-
	-	-

39. CURRENT INVESTIGATIONS

There are several matters currently under investigation the outcome of which is unknown. These matters are being dealt with as expeditiously as possible and appropriate steps will be taken once the investigations have been finalised.

Refer to Directors' Report on page16 point 19.