

Profile of Financial Instruments within the City of Johannesburg

Background

The City of Johannesburg Metropolitan Municipality (CoJ) is a Category A municipality as defined in the Constitution of the Republic of South Africa and the Municipal Structures Act. The City delivers municipal services to the residents and communities of Johannesburg through its core administration and several municipal entities operating across various service delivery sectors.

The City's administration is centrally coordinated through various departments, which collectively constitute the Core administration, together with thirteen (13) municipal entities that form part of the municipal group structure.

In terms of section 122 of the Municipal Finance Management Act (MFMA), the City and each of its municipal entities are required to prepare separate annual financial statements. Furthermore, the City is required to prepare consolidated annual financial statements for the municipal group. Both the separate and consolidated annual financial statements must be prepared in accordance with Generally Recognised Accounting Practice (GRAP).

The City and its municipal entities utilise a broad range of financial instruments in the ordinary course of operations to manage liquidity, revenue collection, borrowing activities, investments, credit exposure, and operational financing. These instruments are accounted for in accordance with the applicable Generally Recognised Accounting Practice (GRAP) Standards, primarily GRAP 104: Financial Instruments.

Note: Four (4) of the thirteen (13) municipal entities, namely City Power, Johannesburg Water, Joburg Theatre and Johannesburg Development Agency have already appointed their own service providers to implement GRAP 104 requirements

The City's municipal entities operate in diverse sectors including electricity distribution, water and sanitation, transport, housing, property management, economic development, and waste management. These entities maintain specialised financial instrument portfolios aligned to their operational mandates and industry-specific risks.

Below is the list of entities requiring assistance with the implementation of the revised GRAP 104, together with the types of financial instruments applicable to each entity:

No.	Entity	Instrument Type	Description of Instrument	Classification (Asset / Liability)	Current GRAP 104 Classification
1	Core	Cash and cash equivalents	Bank balance, fixed deposits, call deposits	Asset	Amortised Cost
		Loans to Municipal Entities	Loans to Municipal Entities	Asset	Amortised Cost
		Public Safety Debtors	Ambulance and fire debtors	Asset	Amortised Cost
		Related Parties debtors	Related Parties debtors	Asset	Amortised Cost
		Related parties - Sweeping balances	MOE's bank balance sweeping	Asset	Amortised Cost
		Consumer debtors- Rental	Consumer debtors	Asset	Amortised Cost
		Sundry debtors	Sundry/ miscellaneous debtors	Asset	Amortised Cost
		Investments in municipal entities	Investments	Asset	Amortised Cost
		Other financial assets	Study loans to staff and Kliptown	Asset	Amortised Cost
		Financial assets at fair value	Sinking Fund (Cash, swaps and bonds)	Asset	Fair value through surplus & deficit
		Loans and borrowings	Loans from external providers	Liability	Amortised Cost
		Financial liability at fair value	Sinking Fund	Liability	Fair value through surplus & deficit
		Loans	Loans from municipal entities	Liability	Amortised Cost
		Receivables	Leases with Municipal Entities	Asset	Amortised Cost
		Payables	Related party creditor	Liability	Amortised Cost
		Payables	MOEs bank balance sweeping	Liability	Amortised Cost
		Payables	Credit balances in consumer debtors	Liability	Amortised Cost
		Payables	Engineering fees	Liability	Amortised Cost
		Payables	Operating lease payables	Liability	Amortised Cost
		Payables	Other creditors (sundry)	Liability	Amortised Cost
Payables	Retentions	Liability	Amortised Cost		
Payables	Trade payables	Liability	Amortised Cost		
2	Metrobus	Loans	Loans to shareholders	Asset	Amortised Cost
		Receivables	Trade and other receivables from exchange transactions	Asset	Amortised Cost
		Receivables	Other receivables from non-exchange transactions	Asset	Amortised Cost

No.	Entity	Instrument Type	Description of Instrument	Classification (Asset / Liability)	Current GRAP 104 Classification
		Cash and cash equivalents	Cash and cash equivalents	Asset	Amortised Cost
		Loans	Loans from shareholders	Liability	Amortised Cost
		Payables	Trade and other payables from exchange transactions	Liability	Amortised Cost
3	PIKITUP	Receivables	Other inter-company receivables	Asset	Financial asset at amortised cost
		Receivables	Receivables from non-exchange transactions	Asset	Financial asset at amortised cost
		Receivables	Receivables from exchange transactions	Asset	Financial asset at amortised cost
		Receivables	Other receivables	Asset	Financial asset at amortised cost
		Receivables	Inter-company receivables	Asset	Financial asset at amortised cost
		Cash and cash equivalents	Cash and cash equivalents	Asset	Financial asset at amortised cost
		Financial Asset	Inter-company receivables	Asset	Financial asset at amortised cost
		Payables	Payables from exchange transactions	Liabilities	Financial liabilities at amortised cost
		Payables	Payables from non-exchange transactions	Liabilities	Financial liabilities at amortised cost
		Payables	Inter-company-liabilities	Liabilities	Financial liabilities at amortised cost
		Loans	Loans from shareholders	Liabilities	Financial liabilities at amortised cost
4	Johannesburg Social Housing Company	Cash and cash equivalents	Cash and cash equivalents	Asset	Amortised Cost
		Receivables	Staff Debtors	Asset	Amortised Cost
		Receivables	Related party debtors	Asset	Amortised Cost
		Receivables	Trade receivables	Asset	Amortised Cost
		Loans to economic entities	Loans to economic entities	Asset	Amortised Cost
		Payables	Trade payables	Liabilities	Amortised Cost
		Payables	Related Party Creditors	Liabilities	Amortised Cost

No.	Entity	Instrument Type	Description of Instrument	Classification (Asset / Liability)	Current GRAP 104 Classification
		Loans	Loans from shareholders	Liabilities	Amortised Cost
5	Johannesburg City Parks and Zoo	Receivables	Loan to shareholder – Sweeping account	Asset	Amortised Cost
		Receivables	Loan to shareholder – Notional loan	Asset	Amortised Cost
		Receivables	Receivables from exchange transactions	Asset	Amortised Cost
		Receivables	Cash and cash equivalents	Asset	Amortised Cost
		Payables	Finance lease obligation – current	Liability	Amortised Cost
		Payables	Finance lease obligation – non-current	Liability	Amortised Cost
		Payables	Trade payables from exchange transactions	Liability	Amortised Cost
		Payables	Related party creditors	Liability	Amortised Cost
		Payables	Deposits received	Liability	Amortised Cost
		Payables	Other creditors	Liability	Amortised Cost
6	Metropolitan Trading Company	Receivables	Consumer debtors	Asset	Amortised Cost
		Cash and cash equivalents	Bank account	Asset	Amortised Cost
		Loans	Loan	Liability	Amortised Cost
7	Johannesburg Property Company	Loans	Loans to shareholders	Asset	Financial asset at amortised cost
		Receivables	Trade and other receivables from exchange transactions	Asset	Financial asset at amortised cost
		Cash and cash equivalents	Cash and cash equivalents	Asset	Financial asset at amortised cost
		Receivables	Deposits	Asset	Financial asset at amortised cost
		Loans	Loans from shareholders	Liabilities	Financial liabilities at amortised cost
		Payables	Trade and other payables from exchange transactions	Liabilities	Financial liabilities at amortised cost
8	Johannesburg Roads Agency	Receivables	Related Party receivables	Asset	Amortised Cost
		Receivables	Sundry Debtors	Asset	Amortised Cost

No.	Entity	Instrument Type	Description of Instrument	Classification (Asset / Liability)	Current GRAP 104 Classification
		Receivables	Operating lease- Deposit (Head Office)	Asset	Amortised Cost
		Receivables	Trade debtors	Asset	Amortised Cost
		Receivables	Eskom Deposits	Asset	Amortised Cost
		Cash and cash equivalents	Bank balance - Developer's Contribution	Asset	Amortised Cost
		Cash and cash equivalents	Bank balance - Asphalt plant	Asset	Amortised Cost
		Loans	Loans from shareholders - Intercompany sweeping account	Asset	Amortised Cost
		Loans	Loans from shareholders - Intercompany sweeping account	Liability	Amortised Cost
		Payables	Trade payables	Liability	Amortised Cost
		Payables	Developers contribution	Liability	Amortised Cost
		Payables	Retentions	Liability	Amortised Cost
		Payables	Capital creditors and accruals	Liability	Amortised Cost
		Payables	Related party payables	Liability	Amortised Cost
		Payables	Debtors reclassification	Liability	Amortised Cost
9	Joburg Tourism Company	Receivables	Receivables from exchange Transaction	Asset	Amortised Cost
		Receivables	Receivables from Non-exchange Transaction	Asset	Amortised Cost
		Receivables	Loan to shareholders	Asset	Amortised Cost
10	Joburg Market	Receivables	Trade Debtors	Asset	Amortised Cost
		Receivables	Insurance Debtor	Asset	Amortised Cost
		Receivables	Provision for impairment	Asset	Amortised Cost
		Receivables	Prepayments	Asset	Amortised Cost
		Receivables	Operating Lease Receivable	Asset	Amortised Cost
		Receivables	Sundry Receivables	Asset	Amortised Cost
		Receivables	Related Party Debtor	Asset	Amortised Cost
		Loans	Loan to Shareholder	Asset	Amortised Cost
		Cash and Cash equivalents	Cash and cash equivalents	Asset	Amortised Cost

No.	Entity	Instrument Type	Description of Instrument	Classification (Asset / Liability)	Current GRAP 104 Classification
		Payables	Trade Payables	Liability	Amortised Cost
		Payables	Purchase Order Accrual	Liability	Amortised Cost
		Payables	Sundry Accruals	Liability	Amortised Cost
		Payables	Related Party Creditor	Liability	Amortised Cost