



CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

General Information

MAYORAL COMMITTEE

Executive Mayor

Makhubo Moloantoa Geoffrey (Chairperson)

Matongo Jolidee (Chairperson) - Appointed 10 August 2021

Mpho Phalatse (Chairperson) - 22 November 2021

Councillors

Molwele Nonceba (Speaker of Council) - Resigned 31 October 2021

Vasco da Gama (Speaker of Council) - 22 November 2021

Makhuba Helen (Transport) - Resigned 31 October 2021

Funzela Ngobeni (Transport) - Appointed 13 December 2021

Matongo Jolidee (Finance) - Appointed as Executive Mayor 10 August 2021

Matshidiso Mfikoe (Finance) - Resigned 31 October 2021

Julie Suddaby (Finance) - Appointed 13 December 2021

Khoza Lawrence (Economic Development) - Resigned 11 August 2021

Mofokeng Thomas (Economic Development) - Resigned 31 October 2021

Mbundu Nkuli (Economic Development) - Appointed 13 December 2021

Ahmad Thapelo (Development Planning and Urban Management) - Resigned 31 October 2021

Belinda Echeozonjoku (Development Planning and Urban Management) - Appointed 13 December 2021

Moerane Mpho (Environment and Infrastructure Services) Resigned 31 October 2021

Sun Michael (Environment and Infrastructure Services) - Appointed 13 December 2021

Mgcina Sibongile (Health and Social Development) - Resigned 31 October 2021

Franco de Lange (Health and Social Development) - Appointed 13 December 2021

Masuku Loyiso (Corporate and Shared Services) - Resigned 31 October 2021

Leah Knott (Corporate and Shared Services) - Appointed 13 December 2021

Mokoena Hilda (Public Safety) - Resigned 31 October 2021

Tembe David (Public Safety) - Appointed 13 December 2021

Arnolds Margaret (Community Development) - Resigned 31 October 2021

Ronald Winston Harris (Community Development) - Appointed 13 December 2021

Mabaso Mlungisi (Housing)

Mogase Solomon (Chief Whip) - Resigned 31 October 2021

Tyrell Meyers (Chief Whip) - 22 November 2021

Mulauzi Mmatlou (Chair of Chairpersons)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

General Information

GRADING OF LOCAL AUTHORITY

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

ACTING CITY MANAGER

Floyd Brink

CHIEF FINANCIAL OFFICER

Manenzhe Manenzhe

REGISTERED OFFICE

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Johannesburg
2001
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POSTAL ADDRESS

P O Box 1049
Johannesburg
2000

PRIMARY BANKER

Standard Bank

AUDITORS

The Office of the Auditor-General : Gauteng
Registered Auditors
39 Scott Street
Braamley
2090
PO Box 91081
Auckland Park
2006

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Index

The reports and statements set out below comprise the Group Annual Financial Statements:

	PAGE
City Manager's approval of the Group Annual Financial Statements	6
Statement of Financial Position	7 - 8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10 - 11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 17
Appropriation Statement	18 - 21
Accounting Policies	22 - 44
Notes to the Group Annual Financial Statements	44 - 172
The following supplementary information does not form part of the group annual financial statements and is unaudited:	
Supplementary Information	172

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Index

ABBREVIATIONS

AARTO	Administrative Adjudication of Road Traffic Offences
AUC	Assets Under Construction
CJMM	City of Johannesburg Metropolitan Municipality (CORE)
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
EPWP	Expanded Public Works Program
FRA	Forward Rate Agreement
FRN	Floating Rate Note
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IRS	Interest Rate Swap
JDA	Johannesburg Development Agency
JIBAR	Johannesburg Interbank Average Rate
JRA	Johannesburg Roads Agency
JSE	Johannesburg Stock Exchange
MBUS	Metrobus
ME's	Municipal Entities
MEHG	Municipal Emergency Housing Grant
MFMA	Municipal Finance Management Act
MTC	Metropolitan Trading Company
NCD	Negotiable Certificate of Deposit
NPV	Net Present Value
PAYE	Pay As You Earn
PN	Promissory Note
PPE	Property, Plant and Equipment
RMB	Rand Merchant Bank
SANAS	South African National Accreditation System
SARS	South Africa Revenue Services
SCM	Supply Chain Management

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Index

SOC	State Owned Company
SPTN	Single Public Transport Network
STD	Standard Bank
UIF	Unemployment Insurance Fund
USDG	Urban Settlement Development Grant
VAT	Value Added Taxation

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

City Manager's approval of the Group Annual Financial Statements

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

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



Floyd Brink
Acting City Manager

09/02/2022

Date

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

		GROUP		CJMM	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	3	326 138	350 220	91 305	98 715
Loans to Municipal entities	4	-	-	918 221	1 239 068
Other financial assets	5	7 395	9 076	7 395	9 076
Current tax receivable	59	198 820	25 740	-	-
Finance lease receivables	6	-	-	47 666	85 183
Receivables from exchange transactions	7	961 591	1 040 350	12 532 873	10 098 512
Receivables from non-exchange transactions	8	233 585	557 466	225 931	520 514
VAT receivable	9	435 164	416 005	165 475	123 613
Consumer debtors	10	7 679 935	6 130 149	1 036 559	710 188
Financial assets at fair value - Sinking fund	11	1 388 045	1 641 767	1 388 045	1 641 767
Cash and cash equivalents	12	6 644 662	5 583 184	5 250 131	4 948 105
		17 875 335	15 753 957	21 663 601	19 474 741
Non-Current Assets					
Zoo animals	13	19 894	21 294	-	-
Investment property	14	1 023 752	1 010 045	992 715	992 715
Property, plant and equipment	15	78 358 421	75 847 683	47 939 716	46 305 995
Intangible assets	16	1 568 022	1 183 633	1 085 139	700 428
Heritage assets	17	596 427	601 618	594 824	600 015
Investments in Municipal Entities	18	-	-	657 709	650 174
Investment in Joint Ventures	19	23 313	25 027	-	-
Loans to Municipal Entities	4	-	-	5 174 761	6 543 630
Other financial assets	5	112 281	83 899	112 281	83 899
Deferred tax	20	2 177 197	1 776 797	-	-
Finance lease receivables	6	-	-	117 057	149 881
Financial assets at fair value - Sinking fund	11	1 386 277	1 469 982	1 386 277	1 469 982
		85 265 584	82 019 978	58 060 479	57 496 719
Total Assets		103 140 919	97 773 935	79 724 080	76 971 460
Liabilities					
Current Liabilities					
Loans and borrowings	22	1 310 884	1 940 627	1 308 742	1 938 485
Current tax payable	59	160 051	214 807	-	-
Finance lease obligations	23	38 010	170 011	34 661	162 678
Payables from exchange transactions	24	12 191 604	11 859 391	14 030 394	13 203 439
Payables from non-exchange	60	415 828	380 211	-	-
VAT payable	61	197 345	45 997	-	-
Unspent conditional grants and receipts	25	340 588	1 042 031	340 288	1 041 759
Provisions	26	550 182	405 733	-	-
Deferred income	28	52 907	62 656	47 825	59 924
Consumer deposits		15 098	15 754	-	-
		15 272 497	16 137 218	15 761 910	16 406 285

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

		GROUP		CJMM	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Non-Current Liabilities					
Loans from Municipal entities	29	-	-	442 924	434 314
Loans and borrowings	22	22 263 416	20 157 329	22 254 419	20 146 189
Finance lease obligations	23	545	38 540	-	34 661
Employee benefits obligations	27	1 221 635	1 219 254	914 135	936 546
Unspent conditional grants and receipts	25	83 983	77 080	-	-
Deferred tax	20	3 580 929	3 377 468	-	-
Provisions	26	783 244	764 969	127 168	138 241
Deferred income	28	13 349	24 400	13 349	24 400
Consumer deposits		1 157 260	1 081 662	13 768	14 451
		29 104 361	26 740 702	23 765 763	21 728 802
Total Liabilities		44 376 858	42 877 920	39 527 673	38 135 087
Net Assets		58 764 061	54 896 015	40 196 407	38 836 373
Accumulated surplus		58 764 061	54 896 015	40 196 407	38 836 373

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

		GROUP		CJMM	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Rendering of services	32	30 662 681	29 482 300	250 037	256 608
Rental of facilities and equipment	65	352 980	356 203	114 432	135 948
Agency services	66	757 798	691 231	661 956	622 076
Other revenue	31	387 446	303 556	622 720	336 989
Finance Income	62	646 677	684 430	1 478 693	1 610 776
Fair value adjustments		262 205	434 465	262 205	434 465
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method		-	680	-	-
Total revenue from exchange transactions		33 069 787	31 952 865	3 390 043	3 396 862
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	33	13 035 792	12 552 224	13 035 792	12 552 224
Surcharges and taxes		252 541	256 266	252 541	256 266
Finance Income		120 565	111 367	119 847	110 166
Transfer revenue					
Government grants and subsidies	34	12 603 628	11 182 535	12 211 789	10 573 215
Levies		586 142	526 374	-	-
Public contributions, donated and contributed property, plant and equipment		301 548	335 641	1 231	18 395
Fines, Penalties and Forfeits		1 547 896	1 066 621	1 547 656	1 066 621
Total revenue from non-exchange transactions		28 448 112	26 031 028	27 168 856	24 576 887
Total revenue		61 517 899	57 983 893	30 558 899	27 973 749
Expenditure					
Employee related costs	35	(15 299 666)	(14 360 724)	(9 048 433)	(8 651 730)
Remuneration of councillors	36	(168 116)	(166 267)	(168 116)	(166 267)
Depreciation and amortisation	37	(3 829 826)	(3 365 679)	(2 592 597)	(2 110 385)
Impairment losses	38	(270 718)	(88 574)	(1 704 561)	(210 304)
Finance costs	63	(2 612 109)	(2 524 064)	(2 663 841)	(2 670 714)
Debt impairment	39	(6 394 512)	(6 925 118)	(2 644 940)	(2 795 956)
Bulk purchases	40	(18 331 386)	(17 681 620)	-	-
Lease rentals on operating lease		(1 238 575)	(1 218 397)	(185 124)	(167 792)
Grants and subsidies paid	41	(38 208)	(288 507)	(4 938 683)	(4 805 008)
Loss on disposal of assets and liabilities		(39 201)	(81 934)	(28 181)	(62 213)
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method		(613)	-	-	-
General expenses	42	(9 457 837)	(8 158 025)	(5 224 390)	(4 286 057)
Total expenditure		(57 680 767)	(54 858 909)	(29 198 866)	(25 926 426)
Surplus before taxation		3 837 132	3 124 984	1 360 033	2 047 323
Taxation	64	(30 914)	(10 267)	-	-
Surplus for the year		3 868 046	3 135 251	1 360 033	2 047 323

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand thousand	Note(s)	Accumulated Total equity surplus
GROUP		
Balance at 01 July 2020		- 51 760 764 51 760 764
Changes in net assets		
Surplus for the year- Restated		- 3 135 251 3 135 251
Total recognised revenue and expenditure for the year		- 3 135 251 3 135 251
Total changes		- 3 135 251 3 135 251
Balance at 01 July 2020		- 54 896 015 54 896 015
Changes in net assets		
Surplus for the year		- 3 868 046 3 868 046
Total changes		- 3 868 046 3 868 046
Balance at 30 June 2021		- 58 764 061 58 764 061

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

	Note(s)	Pre-GAMAP reserves and funds	Accumulated surplus	Total equity
Figures in Rand thousand				
CJMM				
Balance at 01 July 2019		-	36 791 913	36 791 913
Changes in net assets		-	2 047 323	2 047 323
Surplus for the year		-	2 047 323	2 047 323
Total changes		-	2 047 323	2 047 323
Balance at 01 July 2020		-	38 836 373	38 836 373
Changes in net assets		-	1 360 033	1 360 033
Surplus for the year		-	1 360 033	1 360 033
Total changes		-	1 360 033	1 360 033
Balance at 30 June 2021		-	40 196 406	40 196 406

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

		GROUP		CJMM	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from customers		40 022 459	39 167 407	11 577 514	13 166 386
Grants		11 997 867	11 888 524	11 471 539	11 151 383
Interest income		767 242	750 798	1 419 993	1 243 338
		52 787 568	51 806 729	24 469 046	25 561 107
Payments					
Cash paid to suppliers and employees		(43 629 164)	(43 494 495)	(19 389 047)	(18 600 031)
Finance costs		(2 612 109)	(2 524 064)	(2 596 474)	(2 504 971)
Taxes on surpluses		(394 332)	(48 752)	-	-
		(46 635 605)	(46 067 311)	(21 985 521)	(21 105 002)
Net cash flows from operating activities	44	6 151 963	5 739 418	2 483 525	4 456 105
Cash flows from investing activities					
Purchase of capital assets		(6 950 317)	(5 309 326)	(4 490 196)	(4 142 970)
Cash movements in sinking fund		600 000	-	600 000	-
Loans redeemed from Municipal entities		-	-	908 290	637 642
Finance lease receivables		-	-	70 341	78 256
Investment in Municipal entities		-	-	(10 589)	(8 109)
Other financial assets		(26 701)	931	(26 701)	931
Loans to Municipal entities		-	-	(550 882)	(573 743)
Net cash flows from investing activities		(6 377 018)	(5 308 395)	(3 499 737)	(4 007 993)
Cash flows from financing activities					
Proceeds from borrowings		3 488 369	1 000 000	3 488 369	1 000 000
Repayments of Liabilities from Municipal Entities		-	-	(6 517)	(16 036)
Finance lease obligation		(74 938)	(140 665)	(68 238)	(131 740)
Repayment of borrowings		(1 980 531)	(948 044)	(1 980 531)	(948 044)
Repayment of post-retirement benefits		(146 367)	(138 011)	(110 670)	(109 636)
Repayment of provisions		-	-	(4 175)	(7 703)
Net cash flows from financing activities		1 286 533	(226 720)	1 318 238	(213 159)
Net (decrease)/increase cash and cash equivalents		1 061 478	204 303	302 026	234 953
Cash and cash equivalents at the beginning of the year		5 583 184	5 378 881	4 948 105	4 713 152
Cash and cash equivalents at the end of the year	12	6 644 662	5 583 184	5 250 131	4 948 105

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

GROUP

Statement of Financial Performance

REVENUE

REVENUE BY SOURCE

Property rates	13 215 032	-	13 215 032	13 035 792	(179 240)	1
Service charges	32 840 434	-	32 840 434	30 226 489	(2 613 945)	2
Investment revenue	730 000	-	730 000	767 242	37 242	3
Transfers recognised - operational	10 360 533	(120 000)	10 240 533	10 047 956	(192 577)	4
Rental of facilities and equipment	460 791	-	460 791	352 980	(107 811)	
Agency fees	335 625	-	335 625	757 798	422 173	11
Fines	1 102 131	-	1 102 131	1 547 896	445 765	13
Other own revenue	1 981 171	-	1 981 171	1 924 526	(56 645)	5
Total Revenue (excluding capital transfers and contributions)	61 025 717	(120 000)	60 905 717	58 660 679	(2 245 038)	

EXPENDITURE BY TYPE

Employee costs	(16 211 052)	-	(16 211 052)	(15 299 666)	911 386	
Remuneration of councillors	(176 716)	-	(176 716)	(168 116)	8 600	
Debt impairment	(5 047 433)	-	(5 047 433)	(6 394 512)	(1 347 079)	12
Depreciation & asset impairment	(4 147 101)	-	(4 147 101)	(4 100 544)	46 557	7
Finance charges	(3 050 462)	-	(3 050 462)	(2 612 109)	438 353	8
Bulk purchases	(18 706 677)	-	(18 706 677)	(18 331 386)	375 291	
Transfers and grants	(367)	-	(367)	(38 208)	(37 841)	
Other expenditure	(13 581 702)	120 000	(13 461 702)	(10 736 226)	2 725 476	9
Total expenditure	(60 921 510)	120 000	(60 801 510)	(57 680 767)	3 120 743	
Deficit	104 207	-	104 207	979 912	875 705	
Transfers recognised - capital	2 990 389	(351 412)	2 638 977	2 555 672	(83 305)	4
Contributions recognised - capital & contributed assets	388 526	-	388 526	301 548	(86 978)	10
Deficit after capital transfers & contributions	3 483 122	(351 412)	3 131 710	3 837 132	705 422	
Taxation	(72 256)	-	(72 256)	30 914	103 170	
Deficit for the year	3 410 866	(351 412)	3 059 454	3 868 046	808 592	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

1. Property rates

Revenue billed was 1% under budget due to the reduction in property market values for Business and State as a result of the appeal process.

2. Water, Electricity and Refuse and other service charges

The under recovery was largely attributable to a decreased in water and electricity consumption in business and institutions resulting from lockdown. Although service charges from Pikitup by has increased 1.5% as a result of revenue enhancement initiative performed by the City, such increase was outweighed by an under recovery of water and electricity consumption.

Other service charges are under budget because of under collections on private hires and coupon revenue streams. This was because of the COVID19 pandemic, which resulted in lockdowns and social distancing regulations, declining economic conditions and high number of out of commission buses.

3. Investment revenue

An increase was due to the credit control measures being suspended as a result of the Lockdown Regulation implemented by National Government resulting in an unanticipated decline in the collection of overdue debtors and a consequential increase in interest thereof.

4. Transfers recognised - Capital and Operational

The under budget performance in grants is due to the delay in the implementation of phase 1C of the BRT project and the implementation as well as delays in the implementation of other projects funded from ICDG and MEHG.

5. Other Revenue

Other Revenue is under budget due to the country being in various stages of lockdown for COVID

6. Rental of Facilities and equipment.

The rental of facilities is under budget due to lease contracts having expired and the City is in the process of renewing and securing new contracts, Shops and restaurant at the Zoo had fewer customers, and is under the budget due to the fact that JCT has not been fully operating due to regulations imposed by the government to curb Covid-19. This has been a challenging year for the Theatre as covid-19 had a significant impact on the operations of the entity. There are number of shows which were cancelled..

7. Depreciation and amortisation

Depreciation is under budget due to assets under construction being completed later than anticipated. In addition, the restatement of useful lives across the Group have also decreased the depreciation that was levied as the useful lives were increased.

8. Finance Charges

Finance cost was lower than budgeted due to the planned increase in long term borrowing not being obtained as forecasted for the financial year. The decrease was also due to the significant reduction on the REPO rates by South African Reserve Bank

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

9. Other expenditure

Other expenditure was below budget due to a reduction in operational costs that were initially forecasted. This was as a result of COVID-19 restrictions and prioritising of essential services across the City. These expenditures are on items such as marketing, advertising, security and travelling.

10. Contributions recognised - capital and contributed assets

There were less developments due to covid restrictions/lockdown.

11. Agency fees

Over the budget due to more commission received than anticipated from the market and; Gauteng roads and transport

12. Debt impairment

Over budget due to lower than planned payment levels

13. Fines.

Traffic fines are over budget due to the volume of vehicles on the road being lower than normal (Pre-covid 19 period), thus enabling a free flow of traffic throughout the day. With lessor congestion, this indirectly enabled the motorist to drive at higher speeds than traffic regulations allow at the given road. Furthermore, a number of faulty speed cameras were repaired in the 2021 FY and therefore operating effectively.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
CJMM						
Statement of Financial Performance						
REVENUE						
Rendering of services	586 500	(139 358)	447 142	250 037	(197 105)	1
Rental of facilities and equipment	177 552	-	177 552	114 432	(63 120)	2
Agency services	862 539	40 093	902 632	661 956	(240 676)	3
Other revenue	505 062	(95 461)	409 601	622 721	213 120	6
finance income	1 548 102	(19 835)	1 528 267	1 478 693	(49 574)	
Property rates	13 215 032	-	13 215 032	13 035 792	(179 240)	3
Surcharges and taxes	263 041	-	263 041	252 541	(10 500)	
Finance Income- property rates	97 055	-	97 055	119 847	22 792	7
Government grants	11 679 548	828 390	12 507 938	12 211 789	(296 149)	
Public contributions, Donated and contributed property, plant and equipment	-	3 600	3 600	1 231	(2 369)	
Fines, Penalties and Forfeits	1 058 764	-	1 058 764	1 547 656	488 892	8
	29 993 195	617 429	30 610 624	30 296 695	(313 929)	
EXPENDITURE						
	(28 738 946)	(95 994)	(28 834 940)	(29 170 677)	(335 737)	
Employee Related costs	(9 411 173)	(166 110)	(9 577 283)	(9 064 482)	512 801	
Remuneration of councillors	(176 716)	-	(176 716)	(168 116)	8 600	
Depreciation and armotisation	(3 047 655)	265 067	(2 782 588)	(2 592 597)	189 991	
Impairment losses	-	-	-	(1 704 561)	(1 704 561)	
Finance costs	(3 169 545)	9 777	(3 159 768)	(2 663 841)	495 927	9
Allowance for impairment of current receivables	(1 724 178)	129 290	(1 594 888)	(2 644 940)	(1 050 052)	10
Transfers and Subsidies	(4 790 079)	(160 376)	(4 950 455)	(4 938 683)	11 772	
General expenses	(6 419 600)	(173 642)	(6 593 242)	(5 393 457)	1 199 785	
	(28 738 946)	(95 994)	(28 834 940)	(29 170 677)	(335 737)	
Gross deficit	1 254 249	521 435	1 775 684	1 126 018	(649 666)	
OTHER INCOME						
Gain or loss on disposal of assets and liabilities	-	-	-	(28 181)	(28 181)	
Fair value adjustments	-	-	-	262 205	262 205	43
	-	-	-	234 024	234 024	
	1 254 249	521 435	1 775 684	1 126 018	(649 666)	
Operating deficit	1 254 249	521 435	1 775 684	1 126 018	(649 666)	
(Loss) gain on disposal of assets	33 000	-	33 000	(28 181)	(61 181)	
Fair value adjustments	-	-	-	262 205	262 205	
	33 000	-	33 000	234 024	201 024	
Deficit before taxation	1 287 249	521 435	1 808 684	1 360 042	(448 642)	
Deficit for the year	1 287 249	521 435	1 808 684	1 360 042	(448 642)	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

A detailed description of the variances that management considers as material is provided below. Management considers a 10% variance to be material:

1. Rendering of services:

Below budget due to due to underperformance in outdoor advertising leases which resulted from a number of advertising contracts having lapsed and the City is no longer collecting any revenue. This income is dependent on lifting of suspension relating to the implementation of the by-laws pending finalization of legal action by various role-players (the industry, OHMSA, SAPOA, etc.) challenging various aspects of the by-law.

2. Rental of facilities and equipment

Under budget due to lease contracts having expired and the City is in the process of renewing and securing new contracts.

3. Agency services

Under budget due to the licensing department being inefficient due to national lock-down regulations which significantly affected the revenue generated in the current financial year.

4. Property Rates

Revenue billed was 1% under budget due to the reduction in property market values for Business and State as a result of the appeal process.

5. Government Grants

The under budget in grants is due to the delay in the implementation of phase 1C of the BRT project and the implementation as well as delays in the implementation of other projects funded from ICDG and MEHG.

6. Other Revenue:

Over budget due to the write off of inactive debtors accounts with credit balances that was written off in the current financial year.

7. Finance Income - property rates

Under budget mainly driven by the reduction in the prime rate which has a correlation to the return on short-term investments in the money markets (Fixed and call deposits).

8. Fines, Penalties and Forfeits

Traffic fines are over budget due to the volume of vehicles on the road being lower than normal(pre-Covid-19 period), thus enabling a free flow of traffic throughout the day. With lessor congestion, this indirectly enable the motorists to drive at higher speeds than traffics regulation allow at the given road. Furthermore, a number of faulty speed cameras were repaired in the 2021 FY and therefore operating effectively.

9. Finance Costs

Lower than budgeted due to the planned increase in long term borrowing not being obtained as forecasted for the financial year.

10. Debt impairment and write-off

Over budget. This can also be attributed to the unanticipated increase in revenue in traffic fines revenue as well as a lower collection rate.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
GROUP - 2021											
Financial Performance											
Agency fees	335 625	-	335 625	-		335 625	757 798		422 173	226 %	226 %
Finance income	730 000	-	730 000	-		730 000	767 242		37 242	105 %	105 %
Fines, penalties and forfeits	1 102 131	-	1 102 131	-		1 102 131	1 547 896		445 765	140 %	140 %
Gains on disposal of PPE	33 000	-	33 000	-		33 000	-		(33 000)	- %	- %
Rendering of services	32 840 434	-	32 840 434	-		32 840 434	30 226 489		(2 613 945)	92 %	92 %
Rental of facilities and equipment	460 791	-	460 791	-		460 791	352 980		(107 811)	77 %	77 %
Property rates	13 215 032	-	13 215 032	-		13 215 032	13 035 792		(179 240)	99 %	99 %
Transfers recognised - operational	10 360 533	(120 000)	10 240 533	-		10 240 533	10 047 956		(192 577)	98 %	97 %
Other own revenue	1 948 171	-	1 948 171	-		1 948 171	2 226 074		277 903	114 %	114 %
Total revenue (Excluding capital transfers and contributions)	61 025 717	(120 000)	60 905 717	-		60 905 717	58 962 227		(1 943 490)	97 %	97 %
Employee costs	(16 211 052)	-	(16 211 052)	-	-	(16 211 052)	(15 299 666)	-	911 386	94 %	94 %
Remuneration of councillors	(176 716)	-	(176 716)	-	-	(176 716)	(168 116)	-	8 600	95 %	95 %
Debt impairment	(5 047 433)	-	(5 047 433)	-		(5 047 433)	(6 394 512)	-	(1 347 079)	127 %	127 %
Depreciation and asset impairment	(4 147 101)	-	(4 147 101)	-		(4 147 101)	(4 100 544)	-	46 557	99 %	99 %
Finance charges	(3 050 462)	-	(3 050 462)	-	-	(3 050 462)	(2 612 109)	-	438 353	86 %	86 %
Materials and bulk purchases	(18 706 677)	-	(18 706 677)	-	-	(18 706 677)	(18 331 386)	-	375 291	98 %	98 %
Transfers and grants	(53 248)	-	(53 248)	-	-	(53 248)	(38 208)	-	15 040	72 %	72 %
Other expenditure	(13 528 821)	120 000	(13 408 821)	-	-	(13 408 821)	(10 736 226)	-	2 672 595	- %	79 %
Total expenditure	(60 921 510)	120 000	(60 801 510)	-	-	(60 801 510)	(57 680 767)	-	3 120 743	95 %	95 %
Surplus/ (Deficit)	104 207	-	104 207	-		104 207	1 281 460		1 177 253	1 230 %	1 230 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 990 389	(351 412)	2 638 977	-		2 638 977	2 555 672		(83 305)	97 %	85 %
Contributions recognised - capital and contributed assets	388 526	-	388 526	-		388 526	-		(388 526)	- %	- %
Surplus/ (Deficit) after capital contributions	3 483 122	(351 412)	3 131 710	-		3 131 710	3 837 132		705 422	123 %	110 %
Taxation	72 256	-	72 256	-		72 256	(30 914)		(103 170)	(43)%	(43)%
Surplus/ (Deficit) for the year	3 410 866	(351 412)	3 059 454	-		3 059 454	3 868 046		808 592	126 %	113 %
Capital expenditure and funds sources											
Total capital expenditure	7 458 063	189 882	7 647 945	-		7 647 945	6 356 000		(1 291 945)	- %	- %
Sources of capital funds											
Transfers recognised - capital	2 613 429	414 074	3 027 503	-		3 027 503	3 025 000		(2 503)	100 %	116 %
Borrowing	3 000 000	-	3 000 000	-		3 000 000	2 194 000		(806 000)	73 %	73 %
Internally generated funds	1 844 634	(224 192)	1 620 442	-		1 620 442	1 137 000		(483 442)	70 %	62 %
Total sources of capital funds	7 458 063	189 882	7 647 945	-		7 647 945	6 356 000		(1 291 945)	83 %	85 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
CJMM											
Financial Performance											
Property rates	13 215 032	-	13 215 032	-		13 215 032	13 035 792		(179 240)	99 %	99 %
Service charges	586 500	(139 358)	447 142	-		447 142	250 037		(197 105)	56 %	43 %
Investment revenue	1 548 102	(19 835)	1 528 267	-		1 528 267	1 478 693		(49 574)	97 %	96 %
Transfers recognised - operational	9 889 538	317 057	10 206 595	-		10 206 595	10 029 581		(177 014)	98 %	97 %
Other own revenue	2 997 013	(55 368)	2 941 645	-		2 941 645	3 581 358		639 713	122 %	119 %
Total revenue (excluding capital transfers and contributions)	28 236 185	102 496	28 338 681	-		28 338 681	28 375 461		36 780	100 %	100 %
Employee costs	(9 411 173)	(166 110)	(9 577 283)	-	-	(9 577 283)	(9 064 482)	-	512 801	95 %	96 %
Remuneration of councillors	(176 716)	-	(176 716)	-	-	(176 716)	(168 116)	-	8 600	95 %	95 %
Debt impairment	(1 724 178)	129 290	(1 594 888)			(1 594 888)	(2 644 940)	-	(1 050 052)	166 %	153 %
Depreciation and asset impairment	(3 047 655)	265 067	(2 782 588)			(2 782 588)	(4 297 158)	-	(1 514 570)	154 %	141 %
Finance charges	(3 169 545)	9 777	(3 159 768)	-	-	(3 159 768)	(2 663 841)	-	495 927	84 %	84 %
Transfers and grants	(4 790 079)	(160 376)	(4 950 455)	-	-	(4 950 455)	(4 938 683)	-	11 772	100 %	103 %
Other expenditure	(6 419 600)	(173 642)	(6 593 242)	-	-	(6 593 242)	(5 421 638)	-	1 171 604	82 %	84 %
Total expenditure	(28 738 946)	(95 994)	(28 834 940)	-	-	(28 834 940)	(29 198 858)	-	(363 918)	101 %	102 %
Surplus/(Deficit)	(502 761)	6 502	(496 259)	-		(496 259)	(823 397)		(327 138)	166 %	164 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	1 790 010	511 333	2 301 343	-		2 301 343	2 182 196		(119 147)	95 %	122 %
Contributions recognised - capital and contributed assets	-	3 600	3 600	-		3 600	1 231		(2 369)	- %	- %
Surplus (Deficit) after capital transfers and contributions	1 287 249	521 435	1 808 684	-		1 808 684	1 360 030		(448 654)	75 %	106 %
Surplus/(Deficit) for the year	1 287 249	521 435	1 808 684	-		1 808 684	1 360 030		(448 654)	75 %	106 %
Capital expenditure and funds sources											
Total capital expenditure	5 126 005	273 740	5 399 745	-		5 399 745	4 722 943		(676 802)	- %	- %
Sources of capital funds											
Transfers recognised - capital	1 755 310	510 744	2 266 054	-		2 266 054	-		(2 266 054)	- %	- %
Borrowing	1 902 754	14 999	1 917 753	-		1 917 753	-		(1 917 753)	- %	- %
Internally generated funds	1 467 941	(252 003)	1 215 938	-		1 215 938	-		(1 215 938)	- %	- %
Total sources of capital funds	5 126 005	273 740	5 399 745	-		5 399 745	-		(5 399 745)	- %	- %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Statement of compliance

Basis of Preparation and Presentation

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

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

Presentation Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

Going Concern

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Comparative information

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

1.1 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.2 Consolidation

Basis of consolidation

The consolidated Group Annual Financial Statements comprise the Annual Financial Statements of CJMM and all entities controlled by CJMM, presented as those of a single entity.

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

Balances, transactions, revenues and expenses between entities within the Group are eliminated in full on consolidation.

1.3 Significant judgements and sources of estimation uncertainty

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Significant judgements include:

Impairment of financial assets

Where objective evidence of impairment loss on financial assets measured at amortised cost exists, the present value of the future cash flows of the financial assets discounted at the financial asset's original effective rate is determined and compared to the carrying value of the financial assets. The carrying amount of asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognised in the statement of financial performance.

Allowance for slow moving, damaged and obsolete stock

Management makes an estimate of the selling price and direct cost to sell to determine the net realisable value of inventory items. Allowance for obsolete stock is recognised when stock is slow moving and/or will not be used. The difference between the cost of inventory and the net realisable value is recognised in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price. Where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market values of other similar instruments, discounted cash flow analysis and option pricing models.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality then estimate the recoverable service amount of the asset.

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

The excess of the carrying amounts over the recoverable amount is recognised as impairment loss in the statement of financial performance.

Provisions, contingent liabilities and contingent assets

Management's judgement is required when recognising and measuring provisions as well as contingent liabilities and contingent assets. Provisions are raised based on the information available to management, and past knowledge.

A provision is recognised when the municipality has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The estimates are discounted at a discount rate that reflects current market assessments of the time value of money

Expected manner of realisation for deferred tax

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

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

Other key assumptions for pension obligations are based on current market conditions, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainties.

Impairment of receivables

Impairment of receivables represent management's best estimate based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This is performed on each category of debtors across all debtor classes.

Useful life of PPE

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

Budget information

For differences between budget and actual amounts management considers the amount and the nature of the difference and makes a judgement as to which differences are regarded as material. All material differences are explained in the notes to the annual financial statements.

1.4 Zoo animals

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

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

Accounting Policies

1.4 Zoo animals (continued)

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

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

The longevity of zoo animals has been assessed as follows:

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

1.5 Investment property

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

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

Subsequent measurement

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

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

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

The useful life and the depreciation method for investment properties are reviewed at each reporting date.

Investment properties are tested for impairment whenever there is an indication that the asset may be impaired.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

Derecognition

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its use. Any gain or loss arising from the retirement or disposal is recognized in the statement of financial performance.

1.6 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

All items of property, plant and equipment (PPE) are initially recognised at cost, which includes the purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Where an item of PPE is acquired through a non-exchange transaction, its cost is measured at fair value as at the date of acquisition.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

Subsequent measurement:

PPE are shown at cost, less accumulated depreciation and any accumulated impairment. Land is measured at cost, less any impairment in value and is not depreciated, since the useful life is considered to be indefinite.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready and available for its use as intended by management.

Property, plant and equipment with the exception of land are depreciated on the straight line basis over their expected useful lives to their estimated residual values. The depreciation method used for each asset reflects the pattern in which the asset's economic benefits or service potential has been expected to be consumed by the Municipality.

Assets held under finance leases are depreciated on the lower of lease term or expected useful lives in the same way as owned assets. When it is reasonable certain that ownership will be transferred to the lessee at end of lease term, then leased asset will be depreciated over the useful life of the asset which is consistent with that for depreciable assets that are owned. Depreciation is recognised in the statement of financial performance.

Subsequent expenditure is included in the cost of the asset when incurred, if it is probable that such expenditure will result in future economic benefits associated with the item flowing to the Municipality, and the cost can be measured reliably.

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 and also depreciated separately.

The residual values, useful lives and depreciation methods applied to assets are reviewed at each financial year-end based on relevant market information and management consideration.

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates

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

Item	Average useful life (Years)
Buildings	18 - 60 years
Plant and Equipment	2 - 85 years
Furniture and fittings	2 - 25 years
Motor vehicles	3 - 20 years
Office equipment	2 - 20 years
Computer equipment	2 - 24 years
Bins and containers	5 - 15 years
Infrastructure	10 - 50 years
Community assets	3 - 30 years
Emergency Equipment	5 - 15 years
Wastewater and Water Network	.
Pump stations - Civil	60 - 100 years
Pump stations - Mechanical	5 - 15 years
Pump stations - Electrical	7 - 16 years
Water meters	4 - 13 years
Pipelines and other	60 - 100 years
Landfill Site	Determined annually based on the available space
Specialised vehicles	5- 40 years
Other	2 - 40 years

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

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

1.7 Intangible assets

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 Municipality and cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

Subsequent Measurement

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

Amortisation commences when the intangible assets are available for their intended use. The amortisation period and method for intangible assets with finite useful lives are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised on the straight-line basis over the useful lives of assets.

For intangible assets with an indefinite useful life, no amortisation is provided but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. However, the Municipality reviews the useful life of an intangible asset that is not being amortised each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

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

Item	Useful life
Additional capacity rights	Indefinite
Servitudes	Indefinite
Computer software, internally generated	Indefinite
Computer software	3-20 years

By their nature, servitudes confer upon the holder a right in perpetuity over the property and as these rights have an indefinite useful life, they are not amortised.

1.8 Heritage assets

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

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

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

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

Accounting Policies

1.8 Heritage assets (continued)

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

Subsequent measurement.

Heritage assets are recognised at cost less accumulated impairment. Due to high residual values and long economic lives, the Municipality does not depreciate heritage assets.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Principles of assets transferred to heritage assets apply up until the date of transfer.

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

1.9 Investments in Municipal Entities

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

1.10 Investment in Joint Ventures

An investment in a joint venture is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surpluses or deficits of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have joint control over a joint venture.

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

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

The most recent available annual financial statements of the joint ventures are used by the investor in applying the equity method.

Distributions received from the joint ventures reduce the carrying amount of the investment.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.11 Investment in Associate

An investment in an associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surpluses or surplus (deficit) of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

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

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

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

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

The most recent available annual financial statements of the associate are used by the investor in applying the equity method.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.12 Financial instruments

Financial Assets

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

To the extent that a financial asset has a maturity period of longer than 12 months, the value of these instruments will be reflected as a non-current asset.

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition (trade date).

Investments at cost

Financial assets at fair value

Financial assets at fair value comprise of derivatives and non-derivative financial instruments designated at fair value. On initial recognition the financial assets are measured at fair value. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

Cash and cash equivalents

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

Receivables from exchange and non exchange transactions

Trade receivables and consumer debtors 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 the statement of financial performance 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 are considered indicators that the trade receivable and consumer debtors are 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 the statement of financial performance within operating expenses. When trade receivables and consumer debtors are uncollectible, it is written off against the allowance account for trade receivables and consumer debtors once council approval is obtained. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

Financial liabilities

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, except for financial liabilities at fair value through profit or loss or hedging instruments, which are measured at fair value.

Finance costs on financial liabilities at amortised cost are expensed in the statement of financial performance in the period in which they are incurred using the effective interest rate method. In addition, gains and losses on these financial liabilities are recognised in the statement of financial performance when the liability is derecognised.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.12 Financial instruments (continued)

Gains and losses on financial liabilities at fair value through profit or loss arise from fair value movements and related transaction costs on these liabilities. These gains and losses are recognised in the statement of financial performance in the period in which they are incurred.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Loans to/ from Municipal entities

Loans to/ from municipal entities are classified as Assets which are initially recognised at fair value and subsequently measured at amortised cost.

Payables from exchange

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

Offsetting Financial assets and liabilities

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

Hedge accounting (derivatives)

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

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

Derivatives are recognised initially at fair value, and attributable transaction costs are recognised in the statement of financial performance as incurred.

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

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

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of financial performance.

1.13 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Accounting Policies

1.13 Statutory receivables (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The group recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The group initially measures statutory receivables at their transaction amount.

Subsequent measurement

The group measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The group derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the group transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the group, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.14 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.

Accounting Policies

1.14 Tax (continued)

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

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

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

1.15 Leases

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

Finance leases - lessor

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

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

Finance leases - lessee

The Group recognises assets and liabilities acquired under finance leases as assets and the associated obligation as 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.

Minimum lease payments are apportioned between the finance charge and the outstanding capital portion, using the effective interest rate method. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases - lessor

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

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

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

Operating leases - lessee

Accounting Policies

1.15 Leases (continued)

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

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

1.16 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, their costs are their fair value as at the date of acquisition.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Subsequent measurement inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Management estimate, based on their assessment of quality and volume, the extent to which inventory on hand at the reporting date will be sold below cost.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Derecognition

The municipality derecognises inventory on disposal, or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of inventory is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the inventory. Such difference is recognised in statement of financial performance.

1.17 Impairment of cash and non-cash generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Accounting Policies

1.17 Impairment of cash and non-cash generating assets (continued)

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:

- the period of time over which an asset is expected to be used by the group; or
- the number of production or similar units expected to be obtained from the asset by the group.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

Reversal of impairment loss

The group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.18 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

Accounting Policies

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the group; or
- the number of production or similar units expected to be obtained from the asset by the group.

Reversal of an impairment loss

The group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.19 Internal reserves

Compensation for occupational injuries and diseases (COID) reserve

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Internal reserves (continued)

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is aimed to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense.

The municipality is an exempt employer in terms of Section 84 (1) (a) (ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the Municipality to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Municipality's continuing liability as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner.

A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Municipality is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.21 Budget information

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

The approved budget covers the fiscal period from 2020 to 2021.

The group annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.22 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.

The Municipality recognises the expected cost of bonus, incentive and performance related payments when and only when:

- (a) it has a present legal or constructive obligation to make such payments as a result of past events,
- (b) a reliable estimate of the obligation can be made.

The City contributes to defined contribution plan and defined benefit plan.

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit funds are actuarially valued on the projected credit method.

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

Past service costs are recognised immediately in the statement of financial performance in the reporting period in which the plan is amended.

Actuarial gains and losses are recognised in full in the statement of financial performance when they arise.

The Group provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some employees based on the qualification criteria.

Multi-employer plans

The municipality classifies a multi-employer plan either as a defined contribution plan or a defined benefit plan.

Under the defined benefit plan, the Municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

1.23 Provisions and contingencies

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and:

- 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.23 Provisions and contingencies (continued)

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Where the effect of the time value of money is material, the amount of the provision is discounted to present value at the discount rate which is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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.

Additional disclosures of estimates of provisions are included in the provisions note.

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

A Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

1.24 Revenue from exchange transactions

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

Revenue from sale of Bus ticket points

Revenue from the sale of ticket points is accounted for as a separately identifiable component of a sale for normal points and bonus points. Each point is equivalent to the value of one rand. Bonus points are earned by customers only on purchase of points above the value of R50. Any bonus points not redeemed in 36 months (3 years) are subject to expiry thereafter any deferred revenue previously recognised is then recognised as revenue.

Revenue arising from sale of bus tickets for both normal and bonus points is initially accounted for as deferred revenue (liability) in the statement of financial position and only recognised as revenue upon redemption of normal or bonus points, or upon the expiry date.

Revenue is recognised at fair value for normal points. Bonus points are also recognised at fair value which is equivalent to the cost of transferring the points. The consideration allocated to the bonus points is measured by reference to the amount which the bonus points could be sold separately.

At the end of each period, deferred revenue is recognised which is measured at fair value of points earned which are yet to be redeemed.

Accounting Policies

1.24 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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.

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

Income from agency services

Revenue arising from situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of commission or fee payable to the municipality for services performed.

Finance income

Interest is recognised on a time- proportion basis, in surplus or deficit, using the effective interest rate method.

1.25 Revenue from non-exchange transactions

An inflow of resources from non-exchange transactions recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Fines

The group has two types of fines :

- Traffic fines issued in terms of the Criminal Procedures Act
- Traffic fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO ACT).

Criminal Procedures Act fines:

These fines are issued in terms of the Criminal Procedures Act and are usually issued by way of notice to offenders, and can:

- (a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or
- (b) indicate that the offender must appear in Court on a specified day (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Initial recognition:

There is uncertainty regarding the probability of the flow of economic benefits in respect of criminal procedure act fines. Legal processes have to be undertaken before the criminal procedure act fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. Where a reliable estimate cannot be made of revenue from summonses, the Municipality cannot recognise revenue and receivable until this judicial process has been completed and a reliable estimate can be made.

Subsequent measurement

Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

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

AARTO traffic fines

These are fines issued in terms of the AARTO Act by way of notices to offenders which specify the value of the fine that must be paid, along with any discount that can be applied if the fine is paid within a specific period of time.

Initial recognition

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

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

Subsequent measurement

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

Government grants

Government grants are recognised as revenue when:

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

Conditional grants

Conditions on transferred assets (hereafter referred to as conditions) require that the entity either consume the future economic benefits or service potential of the asset as specified or return future economic benefits or service potential to the transferor in the event that the conditions are breached. Therefore, the Municipality incurs a present obligation to transfer future economic benefits or service potential to third parties when it initially gains control of an asset subject to a condition. This is because the Municipality is unable to avoid the outflow of resources as it is required to consume the future economic benefits or service potential embodied in the transferred asset in the delivery of particular goods or services to third parties or else to return to the transferor future economic benefits or service potential. Therefore, when a Municipality initially recognises an asset that is subject to a condition it also recognises a liability. Revenue on such grants is recognised when the qualifying expenditure has been incurred and to the extent that conditions have been complied with.

Unconditional grants

The Municipality recognises revenue from unconditional grants upon receipt and/or when resources transferred meet the criteria for recognition as an asset and there is also no present obligation to the Municipality to refund transferred resources to the transferor.

Unconditional grants also includes grants with restrictions since restrictions do not include a requirement that the transferred asset, or future economic benefits or service potential be returned to the transferor if the asset is not deployed as specified. Therefore, gaining control of an asset subject to a restriction does not impose on the Municipality a present obligation to transfer future economic benefits or service potential to third parties when control of the asset is initially gained. The Municipality recognises grants with restriction and unconditional grants as revenue upon receipt of the grant and no corresponding liability is recognised. Unconditional grants are measured at their fair value.

Rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Revenue from rates is measured using gazetted tariffs.

Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

Public contributions and donations including goods in-kind donations

Public contributions and donations are voluntary transfers of assets including cash or other monetary assets.

Goods in-kind are tangible assets transferred to an entity in a non-exchange transaction, without charge, but may be subject to stipulations.

Public contributions and donations (other than services in-kind) are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognised as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

Public contribution and donations including goods in-kind are measured at their fair value as at the date of acquisition.

1.26 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.27 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The group, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The group, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The group recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.28 In-kind services

The Municipality does not recognise services in kind as revenue or assets, but separately discloses the nature and type of major classes of services in-kind as a note to the financial statements.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.29 Unauthorised expenditure

Unauthorised expenditure is any expenditure incurred by a municipality otherwise than in accordance with the approved budget as well as expenditure exceeding the limits of the amounts appropriated for in the different votes in the approved budget.

Depending on circumstances, identified unauthorised expenditure will be authorised by council in an adjustment budget, certified by municipal council as irrecoverable and written off by the council or recovered from a liable official or political office bearer. In cases where unauthorised expenditure is recoverable from an official or political office bearer resulting from necessary investigations, revenue and receivables are recognised. Unauthorised expenditure is disclosed in the notes to the financial statements.

1.30 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure which was incurred and identified during the financial year and also condoned by the council in terms of the MFMA, is only disclosed in the notes to annual financial statements. However, fruitless and wasteful expenditure which was incurred and identified during the financial year but failed to be condoned by the council is initially recognised as expenditure based on its nature and after further investigations classified to receivables and revenue. Where it is not possible to recover the revenue recognised from fruitless and wasteful, the receivable is written-off following proper write off processes in terms of the MFMA.

1.31 Irregular expenditure

Irregular expenditure is expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the MFMA, the Municipal Systems Act, or the Public Office-Bearers Act, and which has not been condoned in terms of the MFMA.

Irregular expenditure which was incurred and identified during the financial year is disclosed in the annual financial statements. It will be accounted for as an expenditure in the statement of financial performance and disclosed separately in the notes to the financial statements.

1.32 Related parties

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Municipality.

Related party relationships where control exists are disclosed. The municipality discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements.

1.33 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Reporting date means the last day of the reporting period to which the financial statements relate. The entity adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The group will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The group will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.34 Commitments

A Commitment is a contract that is non-cancellable or only cancellable at significant cost, to the extent that the amount has not been recorded elsewhere in the financial statements.

Commitments are further split into capital and operating commitments.

Capital commitments are amounts committed to acquire goods and services which are of capital in nature i.e. upgrading and/or construction of assets.

Capital commitments are disclosed in the notes to the annual financial statements.

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

In the current financial year, the Municipality has adopted effective revised standards and its interpretations issued by ASB. However, the municipality only adopted effective standards which are relevant to its business operations.

The following Standards and Interpretations were in issue but not yet effective:

	<u>Name</u>	<u>Effective Date</u>
GRAP 25	- Employee benefits (Revised Standard)	Not yet effective
GRAP 104	- Financial instruments (Revised Standard)	Not yet effective

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

The above-mentioned standards and interpretations which are relevant to the Municipality's business operations will be adopted once they become effective.

The standards are similar to existing standards applied by the City and are unlikely to impact the financial position or performance of the entity, but may impact the extent of disclosures provided.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
3. INVENTORIES				
Consumable stores	108 127	110 472	89 032	96 442
Consumables - Electrical	107 174	150 464	-	-
Consumables - Road	63 995	68 275	-	-
Consumables - Water	123 527	118 794	-	-
Other Inventories	5 553	6 634	2 273	2 273
Spare parts	28 539	19 712	-	-
	436 915	474 351	91 305	98 715
Provision inventory write-downs	(110 777)	(124 131)	-	-
	326 138	350 220	91 305	98 715

Inventory pledged as security

No inventory was pledged as security.

Reconciliation of provision for inventories

Opening balance	124 131	106 328	-	-
inventory written down	4 151	22 009	-	-
Inventory derecognised	(17 505)	(4 206)	-	-
Closing balance	110 777	124 131	-	-

Cost of inventory expensed is included under bulk purchases (note 38) and cost of inventory expensed (Note 40). Provision for inventory write-down comprises of the cumulative balance of inventory on hand that is written down to the net realisable value.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2021	2020	2021	2020
4. LOANS TO MUNICIPAL ENTITIES				
Shareholder loans				
City Power Johannesburg (SOC) Ltd	-	-	581 814	581 814
Terms and conditions				
City Power Johannesburg (SOC) Ltd	-	-	42 979	42 979
Terms and conditions				
Johannesburg Water (SOC) Ltd	-	-	-	-
Terms and conditions				
	-	-	624 793	624 793
Concessionary Loans				
The Johannesburg Metro Trading Company(Pty) Ltd	-	-	2 053 760	1 860 426
Terms and conditions: rate range = 11.89%				
Maturity = 30 August 2035				
The loan of R 1 302 551 354 was issued to Metro Trading company on the 1st of September 2015 with a capital and interest payment grace period of three years.				
Conduit loans				
City Power Johannesburg (SOC) Ltd	-	-	1 795 962	2 020 410
Terms and conditions: Rate range = 9.31% - 12.21%				
Maturity = 30 June 2020 -30 June 2029				
Johannesburg Metropolitan Bus Services (SOC) Ltd	-	-	193 222	230 770
Terms and conditions: 10.9%				
Maturity = 30 June 2025				
Johannesburg Water (SOC) Ltd	-	-	2 664 211	2 804 412
Terms and conditions: Rate range = 9.31% - 12.21%				
Maturity = 30 June 2019 - 30 June 2029				
Pikitup Johannesburg (SOC) Ltd	-	-	810 589	675 428
Terms and conditions: Rate range = 9% - 14.15%				
Maturity = 30 June 2020 - 30 June 2030				
The Johannesburg Fresh Produce Market	-	-	4 206	10 309
Terms and conditions: Rate range = 9% - 10.9%				
Maturity = 30 June 2020 - 30 June 2021				
	-	-	5 468 190	5 741 329
Less impairment of loans to Municipal Entities	-	-	(2 053 760)	(443 850)
	-	-	3 414 430	5 297 479
Non-current assets	-	-	5 174 761	6 543 630
Current assets	-	-	918 221	1 239 068
	-	-	6 092 982	7 782 698

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Reconciliation of provision for impairment of loans to economic entities				
Opening balance	-	-	443 850	313 853
Additional impairment-Metro Trading Company (Pty) Ltd	-	-	1 609 910	129 997
Amounts written off as uncollectible	-	-	-	-
	-	-	2 053 760	443 850

Impairment of loan to Metro Trading Company

The impairments relate to Metro Trading Company. Metro Trading Company has not made any repayments towards the loan in the current year even though the amounts are due and payable

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
5. OTHER FINANCIAL ASSETS				
At amortised cost				
Housing selling scheme loans	38 590	39 930	38 590	39 930
Other loans and receivables	81 086	53 045	81 086	53 045
	119 676	92 975	119 676	92 975
Non-current assets				
At amortised cost	112 281	83 899	112 281	83 899
Current assets				
At amortised cost	7 395	9 076	7 395	9 076
6. FINANCE LEASE RECEIVABLES				
Gross investment in the lease due				
- within one year	-	-	64 231	105 522
- in second to fifth year inclusive	-	-	131 497	172 598
	-	-	195 728	278 120
less: Unearned finance revenue	-	-	(31 005)	(43 056)
Present value of minimum lease payments receivable	-	-	164 723	235 064
	-	-	164 723	235 064
Present value of minimum lease payments due				
- within one year	-	-	47 666	85 183
- in second to fifth year inclusive	-	-	117 057	149 881
	-	-	164 723	235 064
Non-current assets	-	-	117 057	149 881
Current assets	-	-	47 666	85 183
	-	-	164 723	235 064

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

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to R 38 747 842 (2020: R 38 727 842).

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	115 945	76 764	-	-
Prepayments	216 504	317 625	207 085	332 596
Deposits	7 944	7 828	-	-
Operating lease receivables	20 760	21 281	20 760	21 281
Public Safety debtors	15 727	20 393	15 727	20 393
Related party debtors	-	-	11 809 757	9 195 328
Fruitless and wasteful expenditure	-	2 183	-	2 183
Rental debtors	90 852	110 392	89 888	109 543
Accrued VAT (Statutory receivable)	340 345	353 527	340 345	353 527
Kelvin Power	13 813	13 871	13 813	13 871
Sundry debtors	139 701	116 486	35 498	49 790
Total trade and other receivables	961 591	1 040 350	12 532 873	10 098 512

Statutory receivables included in receivables from exchange transactions above are as follows:

Accrued Vat	340 345	353 527	340 345	353 527
No impairments against the accrued vat.	-	-	-	-
	340 345	353 527	340 345	353 527

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Fines	225 931	181 171	225 931	181 171
Top structure debtors	7 654	339 343	-	339 343
Other receivables	-	36 952	-	-
	233 585	557 466	225 931	520 514

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Fines	225 931	181 171	225 931	181 171
Grants	-	339 343	-	339 343
	225 931	520 514	225 931	520 514

Receivables from non-exchange transactions past due but not impaired

In line with the provision of iGRAP 1, the City deem a valid traffic fine impaired 15 months after the date of issue. An impairment loss equal to 100% of the recognised will be recognised as an impairment.

Aging	Past due and impaired		Past due and not impaired	
Current (0-30 days)	96 146	82 686	8 283	10 507
31-60 days	116 633	74 270	10 048	9 438
61-90 days	130 831	30 029	11 271	3 816
91-120 days	139 988	54 506	12 060	6 926
121-365 days	209 074	599 705	18 013	76 208
>365 days	1 929 458	584 318	166 230	74 253
Total	2 622 131	1 425 518	225 931	181 171

9. VAT RECEIVABLE (STATUTORY RECEIVABLES)

Receivable	435 164	416 005	165 475	123 613
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

These amounts are receivable by the group as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services.

No impairments against the Vat receivables.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
10. CONSUMER DEBTORS				
Gross balances				
Rates (Statutory receivables)	9 955 157	8 767 456	9 955 157	8 767 456
Electricity	7 272 822	6 446 067	-	-
Water	19 309 490	15 474 274	-	-
Refuse	3 857 785	3 423 754	-	-
	40 395 254	34 111 551	9 955 157	8 767 456
Less: Allowance for impairment				
Rates (Statutory receivables)	(8 918 598)	(8 057 268)	(8 918 598)	(8 057 268)
Electricity	(5 085 600)	(4 507 376)	-	-
Water	(16 021 136)	(12 965 911)	-	-
Refuse	(2 689 985)	(2 450 847)	-	-
	(32 715 319)	(27 981 402)	(8 918 598)	(8 057 268)
Net balance				
Rates (Statutory receivables)	1 036 559	710 188	1 036 559	710 188
Electricity	2 187 222	1 938 691	-	-
Water	3 288 354	2 508 363	-	-
Refuse	1 167 800	972 907	-	-
	7 679 935	6 130 149	1 036 559	710 188
Included in above is receivables from exchange transactions				
Electricity	2 187 222	1 938 691	-	-
Water	3 288 354	2 508 363	-	-
Refuse	1 167 800	972 907	-	-
	6 643 376	5 419 961	-	-
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates (Statutory receivables)	1 036 559	710 188	1 036 559	710 188
Net balance	7 679 935	6 130 149	1 036 559	710 188
Rates				
Current (0 -30 days)	827 654	618 484	827 654	618 484
31 - 60 days	484 537	323 933	484 537	323 933
61 - 90 days	329 036	287 732	329 036	287 732
91 - 120 days	334 040	403 838	334 040	403 838
121 - 365 days	2 026 363	2 022 974	2 026 363	2 022 974
> 365 days	5 953 527	5 110 495	5 953 527	5 110 495
	9 955 157	8 767 456	9 955 157	8 767 456
Electricity				
Current (0 -30 days)	2 024 702	1 648 048	-	-
31 - 60 days	326 761	385 935	-	-
61 - 90 days	289 065	283 072	-	-
91 - 120 days	677 265	295 521	-	-
121 - 365 days	1 130 732	1 301 549	-	-
> 365 days	2 824 297	2 531 942	-	-
	7 272 822	6 446 067	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Water				
Current (0 -30 days)	2 031 398	1 285 812	-	-
31 - 60 days	776 275	654 484	-	-
61 - 90 days	554 827	473 738	-	-
91 - 120 days	569 002	625 987	-	-
121 - 365 days	3 783 101	3 884 291	-	-
> 365 days	11 594 887	8 549 962	-	-
	19 309 490	15 474 274	-	-
Refuse				
Current (0 -30 days)	181 985	234 054	-	-
31 - 60 days	85 432	105 033	-	-
61 - 90 days	78 053	94 457	-	-
91 - 120 days	206 213	275 525	-	-
121 - 365 days	3 306 102	2 714 685	-	-
	3 857 785	3 423 754	-	-
Summary of debtors by customer classification				
Residential				
Current (0 - 30 days)	2 215 089	1 883 332	353 145	215 682
31 - 60 days	813 086	783 650	207 259	108 811
61 - 90 days	654 936	590 232	176 199	86 185
91 - 120 days	806 276	939 845	158 891	174 843
121 - 365 days	6 373 426	6 231 585	992 922	1 037 832
> 365 days	11 710 557	10 418 233	2 734 049	2 192 610
	22 573 370	20 846 877	4 622 465	3 815 963
Less: Allowance for impairment	(19 040 765)	(17 859 532)	(4 141 161)	(3 506 859)
	3 532 605	2 987 345	481 304	309 104
Residential - Past due and impaired				
Current (0 - 30 days)	537 678	390 819	316 375	198 211
31 - 60 days	367 476	292 089	185 679	99 997
	333 898	247 911	157 852	79 204
91 - 120 days	715 698	794 822	142 347	160 681
121 - 365 days	5 657 564	5 983 644	889 536	953 764
> 365 days	11 428 451	10 150 247	2 449 372	2 015 002
	19 040 765	17 859 532	4 141 161	3 506 859
Residential - Past due and not impaired				
Current (0 - 30 days)	1 297 849	1 226 609	36 771	17 471
31 - 60 days	825 171	757 465	21 580	8 814
61 - 90 days	321 038	342 321	18 346	6 981
91 - 120 days	90 578	145 023	16 544	14 163
121 - 365 days	715 863	247 941	103 386	84 067
> 365 days	282 106	267 986	284 677	177 608
	3 532 605	2 987 345	481 304	309 104

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Industrial/ commercial				
Current (0 - 30 days)	2 644 964	1 818 417	451 577	388 609
31 - 60 days	777 162	645 882	262 037	205 632
61 - 90 days	557 243	513 981	148 555	188 838
91 - 120 days	916 997	616 868	168 532	218 816
121 - 365 days	3 567 888	3 172 169	1 005 082	927 199
> 365 days	7 979 623	5 343 795	3 007 711	2 725 024
	16 443 877	12 111 112	5 043 494	4 654 118
Less: Allowance for impairment	(12 855 065)	(9 245 355)	(4 518 352)	(4 277 122)
	3 588 812	2 865 757	525 142	376 996
Industrial/ commercial - Past due and impaired				
Current (0 - 30 days)	570 911	520 002	408 489	357 131
31 - 60 days	340 247	339 985	237 720	188 976
61 - 90 days	311 764	336 029	134 126	173 541
91 - 120 days	800 959	472 830	152 578	201 091
121 - 365 days	3 175 221	2 455 969	912 309	852 093
> 365 days	7 655 963	5 120 540	2 673 130	2 504 290
	12 855 065	9 245 355	4 518 352	4 277 122
Industrial/ commercial - Past due and not impaired				
Current (0 - 30 days)	2 074 053	1 298 415	43 088	31 478
31 - 60 days	436 915	305 897	24 317	16 656
61 - 90 days	245 480	177 952	14 429	15 297
91 - 120 days	116 037	144 037	15 954	17 725
121 - 365 days	392 668	716 201	92 773	75 106
> 365 days	323 659	223 255	334 581	220 734
	3 588 812	2 865 757	525 142	376 996

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
National and provincial government				
Current (0 - 30 days)	205 685	84 648	22 932	14 192
31 - 60 days	82 757	39 853	15 241	9 490
61 - 90 days	38 802	34 787	4 282	12 709
91 - 120 days	63 249	44 158	6 617	10 178
121 - 365 days	304 984	519 745	28 359	57 944
> 365 days	682 530	430 371	211 767	192 862
	1 378 007	1 153 562	289 198	297 375
Less: Allowance for impairment	(819 489)	(876 519)	(259 086)	(273 287)
	558 518	277 043	30 112	24 088
National and provincial government - Past due and impaired				
Current (0 - 30 days)	20 544	13 042	20 543	13 042
31 - 60 days	13 654	8 721	13 654	8 721
61 - 90 days	3 837	11 679	3 837	11 679
91 - 120 days	24 222	35 160	5 928	9 354
121 - 365 days	149 539	397 133	25 406	53 250
> 365 days	607 693	410 784	189 718	177 241
	819 489	876 519	259 086	273 287
National and provincial government - Past due and not impaired				
Current (0 - 30 days)	185 142	71 606	2 388	1 150
31 - 60 days	69 103	31 132	1 587	769
61 - 90 days	34 965	23 107	446	1 030
91 - 120 days	39 026	8 998	689	824
121 - 365 days	155 445	122 612	2 953	4 694
> 365 days	74 837	19 588	22 049	15 621
	558 518	277 043	30 112	24 088

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Total				
Current (0 -30 days)	5 065 739	3 786 398	827 654	618 484
31 - 60 days	1 673 006	1 469 385	484 537	323 933
61 - 90 days	1 250 981	1 138 999	329 036	287 732
91 - 120 days	1 786 521	1 600 870	334 041	403 836
121 - 365 days	10 246 298	9 923 499	2 026 363	2 022 974
> 365 days	20 712 751	16 192 400	5 953 526	5 110 497
	40 735 296	34 111 551	9 955 157	8 767 456
Less: Allowance for impairment	(33 055 361)	(27 981 402)	(8 918 598)	(8 057 268)
	7 679 935	6 130 149	1 036 559	710 188
Less: Allowance for impairment				
Current (0 -30 days)	1 129 133	863 007	452 324	568 385
31 - 60 days	721 378	702 289	295 224	297 693
61 - 90 days	649 499	595 732	205 411	264 425
91 - 120 days	1 540 879	1 303 131	197 914	371 125
121 - 365 days	8 982 323	8 835 672	1 972 488	1 859 108
> 365 days	20 032 149	15 681 571	5 795 237	4 696 532
	33 055 361	27 981 402	8 918 598	8 057 268
Total debtors past due but not impaired				
Current (0 - 30 days)	3 936 605	2 862 535	375 330	50 099
31 - 60 days	951 628	828 591	189 313	26 240
61 - 90 days	601 482	543 381	123 626	23 307
91 - 120 days	245 642	298 059	136 127	32 711
121 - 365 days	1 263 975	1 086 754	53 875	163 866
> 365 days	680 603	510 829	158 288	413 965
	7 679 935	6 130 149	1 036 559	710 188
Reconciliation of allowance for impairment				
Balance at beginning of the year	27 981 404	20 437 196	8 057 268	6 635 610
Contributions to allowance	5 068 311	6 038 972	861 330	1 421 658
Debt impairment written off against allowance	(341 243)	(51 994)	-	-
Reversal of allowance	6 847	1 557 228	-	-
Balance at the end of the year	32 715 319	27 981 402	8 918 598	8 057 268

The contribution to the allowance is included in the statement of financial performance under debt impairment at amounts exclusive of VAT.

The following are measure that the City has put in place in response to managing credit risk on accounts receivables:

1. The credit control policy makes provision of consumption deposit which is payable and held by the City until the customer disposes off their property. The deposit is linked to average consumption of services and may be reviewed from time to time;
2. To minimise continued exposure to non-paying customers; the credit control policy allows for the disconnection of services on non-paying Water and Electricity customers. The disconnection of these services is also used to collect outstanding rates, sewer and refuse charges;
3. The City further employs a panel of specialised debt collection panel which is responsible for collecting accounts handed over which debt owing above 90 days;
4. With the assistance of a credit bureau, the City has embarked on a data verification and enrichment excise to identify consumer payment ability based on private sector accounts history;

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

5. Operation "Buya Mthetho" is focused on some high value debtors across customer categories to ensure compliance with the City's by-laws and credit control policy through site visits and detailed investigations.

City cleaning levy (Statutory receivable from non exchange)

Included in consumer debtors above, is a levy and imposed specifically as contribution to cleaning the city in general charged for the service provided by the municipality based on Tariffs approved by Municipal council of city of Johannesburg City charged to non-residential and agricultural properties.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

City Cleaning Levy not impaired

Current (0-30 days)	7 120	13 468	-	-
31-60 days	3 156	3 974	-	-
61-90 days	2 553	3 516	-	-
91-180 days	6 132	10 917	-	-
>181 days	68 298	112 072	-	-
	87 259	143 947	-	-

City Cleaning levy impaired

Current (0-30 days)	2 312	3 108	-	-
31-60 days	1 628	1 227	-	-
61-90 days	1 803	1 121	-	-
91-180 days	4 593	4 032	-	-
> 181 days	185 002	138 241	-	-
	195 338	147 729	-	-

Property rates (Statutory receivable)

Included in consumer debtors above, are amounts receivable by the group as a result of Rates levied and billed as per the Municipal Property Rates Act No. 6 of 2004.

In line with paragraph 58 of GRAP 104, the City's calculation is based on the average collection rate based on a percentage derived by reviewing the previous six month's current debtors balance and determine the average percentage which remains unpaid after 180 days. this amount is calculated at 98% of the aggregate debt in this category and presently 2% is recovered

Property rates not impaired (Statutory receivables)

Current (0-30 days)	375 330	50 099	375 330	50 099
31-60 days	189 313	26 239	189 313	26 239
61-90 days	123 626	23 307	123 626	23 307
91-120 days	136 127	32 712	136 127	21 712
120-365 days	53 875	163 867	53 875	163 867
>365 days	158 288	133 989	158 288	133 989
	1 036 559	710 188	1 036 559	710 188

Property rates impaired (Statutory receivables)

Current (0-30 days)	452 324	568 385	452 324	568 385
31-60 days	295 224	297 693	295 224	297 693
61-90 days	205 411	264 425	205 411	264 425
91-120 days	197 914	371 125	197 914	371 125
120-365 days	1 972 488	1 859 108	1 972 488	1 859 108
>365 days	5 795 237	4 696 532	5 795 237	4 696 532
	8 918 598	8 057 268	8 918 598	8 057 268

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

11. FINANCIAL ASSETS AT FAIR VALUE - SINKING FUND

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

The fund did not have an active manager in the year under review. The City is in the process of appointing a new fund manager.

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

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

Sinking Fund
Maturity - 5 June 2023

Other financial assets through profit or loss

Bonds	-	92 570	-	92 570
Cash	1 388 045	1 549 197	1 388 045	1 549 197
Current Assets	1 388 045	1 641 767	1 388 045	1 641 767

Other financial assets through profit or loss

Bonds	1 105 693	1 116 745	1 105 693	1 116 745
Amortising swaps	56 226	73 238	56 226	73 238
Swaps	224 358	279 999	224 358	279 999
Non-Current Assets	1 386 277	1 469 982	1 386 277	1 469 982

2 774 322	3 111 749	2 774 322	3 111 749
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Financial assets carried at fair value through profit or loss

Derivatives designated and effective as hedging instruments carried at fair value	280 584	353 237	280 584	353 237
Held for trading non-derivative financial assets	2 493 738	2 758 511	2 493 738	2 758 511
	2 774 322	3 111 748	2 774 322	3 111 748

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	532	558	177	244
Bank	4 350 692	4 614 318	2 965 400	3 987 062
Call investment deposits	2 293 438	968 308	2 284 554	960 799
	6 644 662	5 583 184	5 250 131	4 948 105

Call investment deposits

Call Deposits STD Bank Rating - (F1+)	63 122	61 001	63 122	61 001
Call Deposits ABSA F1+(ZAF)	405 339	472 809	405 339	472 809
Call Deposits RMB Rating - (F1+)	824 568	72 868	824 568	72 868
Call Deposits NEDBANK Rating (F1+)	786 822	152 047	777 938	144 538
Call deposits INVESTEC Rating -(F1)	10 535	10 185	10 535	10 185
Fixed Deposits INVESTEC Rating (F1+)	200 300	196 700	200 300	196 700
Call Deposits CITI BANK Rating - (F1)	1 742	1 688	1 742	1 688
Call Deposits DEUTSCHE BANK Rating - (F1)	1 010	1 010	1 010	1 010
	2 293 438	968 308	2 284 554	960 799

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

13. ZOO ANIMALS

GROUP	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Zoo animals	24 917	(5 023)	19 894	26 205	(4 911)	21 294

Reconciliation of zoo animals - GROUP - 2021

	Opening balance	Additions	Additions from non-exchange	Disposals	Depreciation	Total
Zoo animals	21 294	338	1 713	(2 403)	(1 048)	19 894

Reconciliation of zoo animals - GROUP - 2020

	Opening balance	Additions	Additions from non-exchange	Decreases due to death	Disposals	Depreciation	Total
Zoo animals	25 822	741	1 430	(3 534)	(2 091)	(1 074)	21 294

Pledged as security

None of the Zoo animals assets are pledged as security.

Free-roaming animals in the farm

These animals do not meet the definition of an asset as the entity does not control the animals.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

14. INVESTMENT PROPERTY

GROUP	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 046 943	(23 191)	1 023 752	1 031 521	(21 476)	1 010 045
CJMM	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	992 715	-	992 715	992 715	-	992 715

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Reconciliation of investment property - GROUP - 2021

	Opening balance	Additions	Depreciation	Total
Investment property	1 010 045	15 422	(1 715)	1 023 752

Reconciliation of investment property - GROUP - 2020

	Opening balance	Disposals	Depreciation	Total
Investment property	1 011 474	(135)	(1 294)	1 010 045

Reconciliation of investment property - CJMM 2021

	Opening balance	Total
Investment property	992 715	992 715

Reconciliation of investment property - CJMM 2020

	Opening balance	Disposals	Total
Investment property	992 850	(135)	992 715

Pledged as security

No Investment property is pledged as security.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT

GROUP

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 827 648	22 728	8 850 376	8 874 976	-	8 874 976
Buildings	19 545 322	(6 370 879)	13 174 443	18 473 702	(5 887 319)	12 586 383
Plant and machinery	22 930 333	(5 951 324)	16 979 009	22 212 686	(5 181 812)	17 030 874
Furniture and fixtures	666 360	(533 481)	132 879	696 457	(534 639)	161 818
Motor vehicles	882 111	(702 521)	179 590	894 564	(605 672)	288 892
Office equipment	2 251 165	(1 395 693)	855 472	2 053 670	(1 190 539)	863 131
Computer equipment	425 320	(307 027)	118 293	406 418	(290 568)	115 850
Leasehold improvements	35 652	(23 482)	12 170	13 582	(6 180)	7 402
Infrastructure	33 573 041	(8 958 085)	24 614 956	30 993 077	(7 685 846)	23 307 231
Community assets	3 443 137	(1 456 311)	1 986 826	3 047 300	(1 262 927)	1 784 373
Landfill sites	366 761	(357 643)	9 118	521 491	(474 462)	47 029
Network equipment	74 649	(64 916)	9 733	69 618	(62 772)	6 846
Bins and containers	69 192	(36 797)	32 395	68 998	(31 455)	37 543
Minor plants	220 120	(154 945)	65 175	218 683	(141 303)	77 380
Specialised vehicles	2 026 823	(1 321 423)	705 400	1 802 591	(936 701)	865 890
Wastewater network	3 902 413	(371 002)	3 531 411	3 626 988	(333 917)	3 293 071
Water network	8 184 861	(1 161 751)	7 023 110	7 438 819	(1 032 440)	6 406 379
Library books	662 973	(634 698)	28 275	662 973	(626 019)	36 954
Emergency equipment	88 538	(51 016)	37 522	88 971	(44 967)	44 004
Other	22 404	(10 136)	12 268	21 498	(9 841)	11 657
Total	108 198 823	(29 840 402)	78 358 421	102 187 062	(26 339 379)	75 847 683

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

CJMM

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 679 926	22 728	8 702 654	8 727 254	-	8 727 254
Buildings	17 059 869	(5 498 129)	11 561 740	16 219 039	(5 021 312)	11 197 727
Plant and equipment	534 983	(300 345)	234 638	505 905	(278 895)	227 010
Furniture and fittings	545 833	(454 232)	91 601	573 644	(458 518)	115 126
Motor vehicles	497 741	(414 836)	82 905	497 986	(339 734)	158 252
Office equipment	2 139 976	(1 319 266)	820 710	1 949 116	(1 123 408)	825 708
Infrastructure	32 911 975	(8 799 399)	24 112 576	30 351 523	(7 555 278)	22 796 245
Community assets	3 443 137	(1 456 311)	1 986 826	3 047 300	(1 262 927)	1 784 373
Bins and containers	26 545	(18 584)	7 961	26 351	(15 649)	10 702
Specialised vehicles	847 632	(580 486)	267 146	947 460	(574 034)	373 426
Library books	662 973	(634 698)	28 275	662 973	(626 019)	36 954
Emergency equipment	84 819	(51 016)	33 803	88 971	(44 967)	44 004
Other	11 241	(2 360)	8 881	12 161	(2 947)	9 214
Total	67 446 650	(19 506 934)	47 939 716	63 609 683	(17 303 688)	46 305 995

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Reconciliation of property, plant and equipment - GROUP - 2021

	Opening balance	Additions	Disposals	Public contributed network	Depreciation	Impairment loss	Total
Land	8 874 976	-	(24 600)	-	-	-	8 850 376
Buildings	12 586 383	1 133 530	(872)	-	(521 673)	(22 925)	13 174 443
Plant and equipment	17 030 874	735 281	(2 030)	-	(666 166)	(118 950)	16 979 009
Furniture and fittings	161 818	7 379	(380)	-	(35 938)	-	132 879
Motor vehicles	288 892	3 399	(315)	-	(112 386)	-	179 590
Office equipment	863 131	206 035	(736)	-	(212 958)	-	855 472
Computer equipment	115 850	45 071	(914)	-	(41 714)	-	118 293
Leasehold improvements	7 402	23 647	(1 054)	-	(17 825)	-	12 170
Infrastructure	23 307 231	2 583 982	-	-	(1 269 640)	(6 617)	24 614 956
Community assets	1 784 373	395 838	-	-	(131 556)	(61 829)	1 986 826
Landfill sites	47 029	-	(8 218)	-	(29 693)	-	9 118
Other equipment	6 846	5 031	-	-	(2 144)	-	9 733
Bins and containers	37 543	150	-	-	(5 298)	-	32 395
Minor plants	77 380	5 014	(1 130)	-	(16 089)	-	65 175
Specialised vehicles	865 890	164 264	(1 310)	-	(279 736)	(43 708)	705 400
Wastewater network	3 293 071	185 396	-	90 030	(37 086)	-	3 531 411
Water network	6 406 379	676 628	(9)	86 853	(146 741)	-	7 023 110
Library books	36 954	-	-	-	(8 679)	-	28 275
Emergency equipment	44 004	3 746	-	-	(10 228)	-	37 522
Other	11 657	2 026	-	-	(1 415)	-	12 268
	75 847 683	6 176 417	(41 568)	176 883	(3 546 965)	(254 029)	78 358 421

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Reconciliation of property, plant and equipment - GROUP - 2020

	Opening balance	Additions	Disposals	Public contributed network	Depreciation	Impairment loss	Total
Land	8 808 857	82 235	(16 116)	-	-	-	8 874 976
Buildings	12 199 895	976 381	(5 409)	-	(523 594)	(60 890)	12 586 383
Plant and machinery	16 672 761	1 000 813	(216)	-	(642 484)	-	17 030 874
Furniture and fixtures	171 289	37 054	(94)	-	(46 431)	-	161 818
Motor vehicles	264 614	109 535	-	-	(85 257)	-	288 892
Office equipment	687 568	367 144	(283)	-	(191 298)	-	863 131
Computer equipment	124 456	38 107	(910)	-	(45 803)	-	115 850
Leasehold improvements	8 671	(229)	(177)	-	(863)	-	7 402
Infrastructure	22 553 691	1 554 391	(6 283)	-	(793 448)	(1 120)	23 307 231
Community assets	1 572 882	380 544	-	-	(150 757)	(18 296)	1 784 373
Landfill sites	245 317	-	(154 730)	-	(43 558)	-	47 029
Other equipment	15 546	-	(299)	-	(8 401)	-	6 846
Bins and containers	33 762	7 925	-	-	(4 144)	-	37 543
Minor plants	79 583	9 371	(6)	-	(11 568)	-	77 380
Specialised vehicles	1 006 238	183 956	(108 702)	-	(212 490)	(3 112)	865 890
Wastewater network	2 949 083	292 978	(310)	90 221	(38 901)	-	3 293 071
Water network	5 883 337	585 862	(6 320)	82 668	(139 168)	-	6 406 379
Library books	48 365	-	-	-	(11 411)	-	36 954
Emergency equipment	46 618	6 397	-	-	(9 011)	-	44 004
Other	10 878	2 192	(4)	-	(1 409)	-	11 657
	73 383 411	5 634 656	(299 859)	172 889	(2 959 996)	(83 418)	75 847 683

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Reconciliation of property, plant and equipment - CJMM 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	8 727 254	-	(24 600)	-	-	-	8 702 654
Buildings	11 197 727	840 830	-	-	(466 590)	(10 227)	11 561 740
Plant and equipment	227 010	30 169	(10)	-	(22 531)	-	234 638
Furniture and fittings	115 126	4 228	-	-	(27 753)	-	91 601
Motor vehicles	158 252	-	(93)	-	(75 254)	-	82 905
Office equipment	825 708	195 758	(419)	-	(200 337)	-	820 710
Infrastructure	22 796 245	2 564 470	-	-	(1 241 522)	(6 617)	24 112 576
Community assets	1 784 373	395 838	-	-	(131 556)	(61 829)	1 986 826
Bins and containers	10 702	150	-	-	(2 891)	-	7 961
Specialised vehicles	373 426	79 021	-	-	(185 301)	-	267 146
Library books	36 954	-	-	-	(8 679)	-	28 275
Emergency equipment	44 004	27	-	-	(10 228)	-	33 803
Other	9 214	200	-	-	(533)	-	8 881
	46 305 995	4 110 691	(25 122)	-	(2 373 175)	(78 673)	47 939 716

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Reconciliation of property, plant and equipment - CJMM - 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	8 664 283	79 087	(16 116)	-	-	8 727 254
Buildings	10 830 633	884 640	(16)	(456 640)	(60 890)	11 197 727
Plant and equipment	147 158	103 141	(6)	(23 283)	-	227 010
Furniture and fittings	126 981	25 872	(66)	(37 661)	-	115 126
Motor vehicles	185 640	8 366	-	(35 754)	-	158 252
Office equipment	650 217	353 490	(253)	(177 746)	-	825 708
Infrastructure	22 015 108	1 553 928	(6 283)	(765 388)	(1 120)	22 796 245
Community assets	1 572 882	380 544	-	(150 757)	(18 296)	1 784 373
Bins and containers	11 765	1 048	-	(2 111)	-	10 702
Specialised vehicles	490 704	109 291	(102 185)	(124 384)	-	373 426
Library books	48 365	-	-	(11 411)	-	36 954
Emergency equipment	46 618	6 397	-	(9 011)	-	44 004
Other	7 709	2 103	-	(598)	-	9 214
	44 798 063	3 507 907	(124 925)	(1 794 744)	(80 306)	46 305 995

Pledged as security

No assets are pledged as security.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Work in progress breakdown

GROUP

	2021	2020
Building & Improvements	2 498 903	1 697 215
Plant and machinery	1 264 070	1 920 726
Water network	1 026 551	755 099
Wastewater network	260 532	173 780
Computer equipment	34 506	9 840
Infrastructure	7 616 231	5 693 355
Community assets	843 742	475 525
Furniture and fixtures	2 572	2 632
Underground bins	-	3 901
Total	13 547 107	10 732 073

CJMM

	2021	2020
Buildings	2 379 579	1 617 170
Community assets	843 742	475 525
Infrastructure	7 434 422	5 593 147
Total	10 657 743	7 685 842

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected				
Buildings (Project cancelled/Halted/Under investigation/Budget Constraint)	92 626	90 179	82 324	72 097
Plant and machinery (Project cancelled/Halted/Under investigation/Budget Constraint)	279 205	742 640	-	1 040
Infrastructure (Project cancelled/Halted/Under investigation/Budget Constraint)	168 548	129 560	68 064	61 447
Community (Project cancelled/Halted/Under investigation/Budget Constraint)	70 454	31 353	70 454	31 353
IT equipment (Project cancelled/Halted/Under investigation/Budget Constraint)	-	3 807	-	-
Wastewater network (Project cancelled/Halted/Under investigation/Budget Constraint)	16 004	25 696	-	-
Water network (Project cancelled/Halted/Under investigation/Budget Constraint)	39 653	46 903	-	-
	666 490	1 070 138	220 842	165 937

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Assets subject to finance lease (Net carrying amounts)				
Furniture and fixtures	12 605	37 071	-	-
Motor vehicles	153 306	286 532	-	26 467
Office equipment	-	-	9 108	98 449
IT equipment	603	1 144	-	-
BRT buses	16 734	46 319	16 734	46 319
Leasehold improvements	59 550	43 856	-	-
	242 798	414 922	25 842	171 235
Expenditure incurred to repair and maintain property, plant and equipment				
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Expenditure	3 770 459	3 590 324	439 487	290 930

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

16. INTANGIBLE ASSETS

GROUP

Additional capacity rights
Servitudes
Licences and franchises
Computer software, internally generated
Computer software, other
Customer list

Total

2021			2020		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
261 228	-	261 228	232 361	-	232 361
1 727	-	1 727	1 727	-	1 727
531	(531)	-	531	(531)	-
13 840	(1 031)	12 809	13 840	(991)	12 849
3 142 872	(1 850 614)	1 292 258	2 677 795	(1 741 099)	936 696
85 156	(85 156)	-	85 156	(85 156)	-
3 505 354	(1 937 332)	1 568 022	3 011 410	(1 827 777)	1 183 633

CJMM

Computer software, other

2021			2020		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
2 502 597	(1 417 458)	1 085 139	1 989 890	(1 289 462)	700 428

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Reconciliation of intangible assets - GROUP - 2021

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Additional capacity rights	232 361	28 867	-	-	-	261 228
Servitudes	1 727	-	-	-	-	1 727
Computer software, internally generated	12 849	-	-	(40)	-	12 809
Computer software, other	936 696	646 151	(2 740)	(279 765)	(8 084)	1 292 258
	1 183 633	675 018	(2 740)	(279 805)	(8 084)	1 568 022

Reconciliation of intangible assets - GROUP - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Additional capacity rights	232 361	-	-	-	232 361
Servitudes	1 727	-	-	-	1 727
Computer software, internally generated	12 889	-	-	(40)	12 849
Computer software, other	895 717	479 196	(39 343)	(398 874)	936 696
Customer list	3 541	-	-	(3 541)	-
	1 146 235	479 196	(39 343)	(402 455)	1 183 633

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Reconciliation of intangible assets - CJMM 2021

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software, other	700 428	612 252	(34)	(219 423)	(8 084)	1 085 139

Reconciliation of intangible assets - CJMM 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	650 374	405 030	(39 337)	(315 639)	700 428

Pledged as security

No assets are pledged as security.

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

Patents, trademarks and other rights	503 031	461 609	462 249	361 661
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Carrying value of intangible assets that is taking a significantly longer period of time to complete than expected

Computer software	23 543	43 086	-	-
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

17. HERITAGE ASSETS

GROUP

Art collections, antiques and exhibits
Historical monuments
Historical buildings

Total

2021			2020		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
542 844	(7 999)	534 845	540 141	(105)	540 036
20 478	-	20 478	20 478	-	20 478
41 104	-	41 104	41 104	-	41 104
604 426	(7 999)	596 427	601 723	(105)	601 618

CJMM

Art collections, antiques and exhibits
Historical monuments
Historical buildings

Total

2021			2020		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
541 136	(7 894)	533 242	538 433	-	538 433
20 478	-	20 478	20 478	-	20 478
41 104	-	41 104	41 104	-	41 104
602 718	(7 894)	594 824	600 015	-	600 015

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Reconciliation of heritage assets GROUP - 2021

	Opening balance	Additions	Impairment losses (recognised)/reversed directly in Net assets	Total
Art collections, antiques and exhibits	540 036	2 703	(7 894)	534 845
Historical monuments	20 478	-	-	20 478
Historical buildings	41 104	-	-	41 104
	601 618	2 703	(7 894)	596 427

Reconciliation of heritage assets GROUP - 2020

	Opening balance	Additions	Total
Art collections, antiques and exhibits	537 597	2 439	540 036
Historical monuments	20 478	-	20 478
Historical buildings	41 104	-	41 104
	599 179	2 439	601 618

Reconciliation of heritage assets CJMM- 2021

	Opening balance	Additions	Impairment losses (recognised)/reversed directly in Net assets	Impairment losses reversed	Total
Art collections, antiques and exhibits	538 433	2 703	(7 894)	-	533 242
Historical monuments	20 478	-	-	-	20 478
Historical buildings	41 104	-	-	-	41 104
	600 015	2 703	(7 894)	-	594 824

Reconciliation of heritage assets - CJMM - 2020

	Opening balance	Additions	Total
Art collections, antiques and exhibits	535 994	2 439	538 433
Historical monuments	20 478	-	20 478
Historical buildings	41 104	-	41 104
	597 576	2 439	600 015

Pledged as security

No assets are pledged as security.

Heritage assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Heritage assets

Heritage assets under development	5 911	11 108	5 911	11 108
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM		
Figures in Rand thousand	2021	2020	2021	2020	
18. INVESTMENTS IN MUNICIPAL ENTITIES					
Name of company	Held by	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
City of Johannesburg Property Company (Pty) Ltd		100,00 %	100,00 %	5 142	5 142
City Power Johannesburg (Pty) Ltd		100,00 %	100,00 %	112 466	112 466
Johannesburg City Parks NPO		100,00 %	100,00 %	29 958	29 958
Johannesburg Development Agency (Pty) Ltd		100,00 %	100,00 %	16 278	16 278
Johannesburg Metropolitan Bus Services (Pty) Ltd		100,00 %	100,00 %	54 774	54 774
Johannesburg Roads Agency (Pty) Ltd		100,00 %	100,00 %	342 794	335 259
Metropolitan Trading Company (Pty) Ltd		100,00 %	100,00 %	97 972	97 972
Pikitup Johannesburg (Pty) Ltd		100,00 %	100,00 %	31 315	31 315
Johannesburg Civic Theatre (Pty) Ltd		100,00 %	100,00 %	1 784	1 784
The Johannesburg Fresh Produce Market (Pty) Ltd		100,00 %	100,00 %	20 000	20 000
Impairment of investment in controlled entities (Johannesburg Metropolitan Bus Services (Pty) Ltd)		- %	- %	712 483 (54 774)	704 948 (54 774)
				657 709	650 174

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

Johannesburg Social Housing Company (Pty) Ltd R120

Johannesburg Water (Pty) Ltd R 200

Investments in ME's includes shareholder loans with no fixed repayment terms and interest as they are classified as equity.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

19. INVESTMENT IN JOINT VENTURES

Name of company	Listed / Unlisted	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Golden Triangle Development Company (Pty) Ltd		50,00 %	50,00 %	903	1 266
JOSHCO Madulamoho Joint Venture (JMJV)		55,00 %	55,00 %	22 410	23 761
				23 313	25 027

The carrying amounts of Joint ventures are shown net of impairment losses.

Golden Triangle Development Company (Pty) Ltd

The Golden Triangle is an investment between the CJMM and the Ovenstone Group. The separate annual financial statements of the joint venture are available for inspection at the registered office of the entity. The carrying amount of the investment and summary of assets are disclosed below.

	2021	2020
Opening Balance	1 266	1 193
Share of surplus/(deficit)	(363)	73
	903	1 266

	2021	2020
Total assets	36 306	39 547
Total liabilities	(34 499)	(37 015)
Revenue	1 902	2 318
Expenses	(2 629)	(2 173)
Surplus/(deficit)	(727)	145

Madulamoho Joint Venture (JMJV)

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

	2021	2020
Opening Balance	23 761	24 254
Share of surplus/(deficit)	(251)	607
Changes in net assets	(1 100)	(1 100)
	22 410	23 761

	2021	2020
Total assets	47 844	49 573
Total liabilities	(7 098)	(6 370)
Revenue	10 458	9 974
Operating expenses	(11 534)	(9 867)
Surplus/(deficit)	(456)	1 104
Distributions	2 000	2 000

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
20. DEFERRED TAX				
Deferred tax liability	(3 580 929)	(3 377 468)	-	-
Deferred tax asset	2 177 197	1 776 797	-	-
Total net deferred tax liability	(1 403 732)	(1 600 671)	-	-
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(1 600 671)	(1 682 657)	-	-
Taxable / (deductible) temporary differences	200 035	107 675	-	-
Arising / (Utilised) assessed losses	(3 096)	(25 689)	-	-
	(1 403 732)	(1 600 671)	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

21. FINANCIAL ASSETS BY CATEGORY

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

GROUP - 2021

	Cost	At fair value	Total
Current Assets			
Current tax receivable	-	-	-
Other financial assets	-	7 395	7 395
Receivable from exchange	961 591	-	961 591
VAT receivable	-	-	-
Consumer debtors	6 643 376	-	6 643 376
Financial assets at fair value - Sinking fund	-	1 388 045	1 388 045
Bank balances and cash	6 644 662	-	6 644 662
Non-Current Assets			
Other financial assets	-	112 281	112 281
Financial assets at fair value - Sinking fund	-	1 386 277	1 386 277
	14 249 629	2 893 998	17 143 627

GROUP - 2020

	Cost	At fair value	Total
Current Assets			
Current tax receivable	-	-	-
Other financial assets	-	9 076	9 076
Receivable from exchange	1 040 350	-	1 040 350
VAT receivables	-	-	-
Consumer debtors	5 419 961	-	5 419 961
Financial assets at fair value - Sinking fund	-	1 641 767	1 641 767
Cash and cash equivalents	5 583 184	-	5 583 184
Non-Current Assets			
Other financial assets	-	83 899	83 899
Financial assets at fair value - Sinking fund	-	1 469 982	1 469 982
	12 043 495	3 204 724	15 248 219

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

CJMM - 2021

	Cost	At fair value	Total
Current Assets			
Loans to Municipal Entities	918 221	-	918 221
Other financial assets	-	7 395	7 395
Finance lease receivable	47 666	-	47 666
Receivable from exchange	12 532 873	-	12 532 873
Consumer debtors	-	-	-
Vat receivable	-	-	-
Financial assets at fair value - Sinking fund	-	1 388 045	1 388 045
Cash and cash equivalents	5 250 131	-	5 250 131
Non-Current Assets			
Loans to Municipal Entities	5 174 761	-	5 174 761
Other financial assets	-	112 281	112 281
Finance lease receivable	117 057	-	117 057
Financial assets at fair value - Sinking fund	-	1 386 277	1 386 277
	24 040 709	2 893 998	26 934 707

CJMM - 2020

	Cost	At fair value	Total
Current Assets			
Loans to Municipal Entities	1 239 068	-	1 239 068
Other financial assets	-	9 076	9 076
Finance lease receivables	85 183	-	85 183
Receivable from exchange	10 098 512	-	10 098 512
Consumer debtors	-	-	-
VAT receivable	-	-	-
Financial assets at fair value - Sinking fund	-	1 641 767	1 641 767
Bank balances and cash	4 948 105	-	4 948 105
Non-Current Assets			
Loans to Municipal Entities	6 543 630	-	6 543 630
Other financial assets	-	83 899	83 899
Financial assets at fair value - Sinking fund	-	1 469 982	1 469 982
Finance lease receivables	149 881	-	149 881
	23 064 379	3 204 724	26 269 103

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

22. LOANS AND BORROWINGS

Non-Current portion of loans and borrowings -

At amortised cost

Development Bank of Southern Africa	12 440 227	9 574 935	12 431 230	9 563 795
Listed bonds	5 166 000	5 166 000	5 166 000	5 166 000
Other financial liabilities	4 657 189	5 416 394	4 657 189	5 416 394
	22 263 416	20 157 329	22 254 419	20 146 189

Current portion of loans and borrowings - At amortised cost

Development Bank of Southern Africa	551 679	358 784	549 537	356 642
Listed bonds	-	850 000	-	850 000
Other financial liabilities	759 205	731 843	759 205	731 843
	1 310 884	1 940 627	1 308 742	1 938 485
	23 574 300	22 097 956	23 563 161	22 084 674

23. FINANCE LEASE OBLIGATIONS

Minimum lease payments due

- within one year	39 794	176 151	36 743	171 953
- in second to fifth year inclusive	1 019	44 780	-	36 743
	40 813	220 931	36 743	208 696
less: future finance charges	(2 258)	(12 380)	(2 082)	(11 357)
Present value of minimum lease payments	38 555	208 551	34 661	197 339

Present value of minimum lease payments due

- within one year	38 010	170 011	34 661	162 678
- in second to fifth year inclusive	545	38 540	-	34 661
	38 555	208 551	34 661	197 339

Non-current liabilities	545	38 540	-	34 661
Current liabilities	38 010	170 011	34 661	162 678
	38 555	208 551	34 661	197 339

Office Equipment

The Group leases certain office equipment and these are classified as a finance lease. The lease terms range between 2 to 5 years.

Plant and Equipment

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

Specialised vehicles

The Group leases certain BRT vehicles, emergency service vehicles and Pikitup's special vehicles. The lease terms for these vehicles range between 10 to 12 years.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
24. PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade payables	4 878 764	4 479 713	1 804 936	1 650 396
Payments received in advance	704 766	763 127	11 612	12 300
Accrued leave pay	999 929	980 892	549 189	583 157
Accrued bonus	140 381	137 656	-	-
Related party creditors	-	-	9 140 674	8 415 402
Accrued interest	151 167	172 368	149 800	172 087
Operating lease payables	7 982	13 365	1 639	1 386
Retentions	331 260	343 595	31 018	35 144
Credit balances in consumer debtors	2 181 030	1 980 838	1 585 180	1 495 062
Engineering fees	119 573	131 265	119 573	131 265
Other creditors	1 024 657	1 324 641	636 773	707 240
Eskom payable	1 652 095	1 531 931	-	-
	12 191 604	11 859 391	14 030 394	13 203 439

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
25. UNSPENT CONDITIONAL GRANTS AND RECEIPTS				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Provincial grants : Capital projects	55 329	55 329	55 329	55 329
Urban settlements development grant	-	475 607	-	475 607
Provincial grants : Operating projects	29 177	27 317	29 177	27 317
United Nations Environment Program	5 583	2 578	5 583	2 578
Public Transport Network Grant (Capital Projects)	7 585	238 664	7 585	238 664
Neighbourhood Development Partnership Grant (NDPG)	-	24 369	-	24 369
Integrated City Development Grant (ICDG)	24 982	-	24 982	-
Expanded Public Works Programme (EPWP)	8	137	8	137
Municipal Emergency Housing Grant (MEHG)	57 309	-	57 309	-
Provincial grant : Jozi Ihlomihle (HIV/ AIDS)	7 981	12 956	7 981	12 956
Public Transport Network Grant (Operational Projects)	149 190	199 085	149 190	199 085
Energy management grant	1 463	4 036	1 463	4 036
Infrastructure skills development grants	4 138	2 690	-	-
Integrated National Electrification (DoE)	27 842	27 842	-	-
Public contributions: Service connections	51 825	46 370	-	-
Other unspent public contributions	2 159	2 131	1 681	1 681
	424 571	1 119 111	340 288	1 041 759
Non-current liabilities	83 983	77 080	-	-
Current liabilities	340 588	1 042 031	340 288	1 041 759
	424 571	1 119 111	340 288	1 041 759

See note 32 for reconciliation of grants from National/Provincial Government

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

26. PROVISIONS

Reconciliation of provisions - GROUP - 2021

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Bonus provision	207 480	147 166	(159 966)	-	194 680
Provision for legal claims	155 931	144 155	(26 235)	-	273 851
Kelvin ash disposal	131 011	19 043	-	-	150 054
Environmental rehabilitation: Closed landfill site	188 294	-	(3 361)	12 296	197 229
Environmental rehabilitation: Open landfill site	438 435	-	(8 218)	28 630	458 847
Other provisions	49 553	9 836	(624)	-	58 765
	1 170 704	320 200	(198 404)	40 926	1 333 426

Reconciliation of provisions - GROUP - 2020

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Bonus provision	185 959	181 350	(159 829)	-	207 480
Provision for legal claims	128 035	36 594	(8 698)	-	155 931
Kelvin ash disposal	112 194	18 817	-	-	131 011
Provision for subsistence allowance	2 382	-	(2 382)	-	-
Environmental rehabilitation: Closed landfill site	184 982	-	(8 767)	12 079	188 294
Environmental rehabilitation: Open landfill site	556 806	-	(154 730)	36 359	438 435
Other provisions	29 117	27 023	(6 587)	-	49 553
	1 199 475	263 784	(340 993)	48 438	1 170 704

Reconciliation of provisions - CJMM - 2021

	Opening Balance	Additions	Reversed during the year	Total
Bonus provision	23 054	2 631	(4 175)	21 510
Provision for legal claims	115 187	4 471	(14 000)	105 658
	138 241	7 102	(18 175)	127 168

Reconciliation of provisions - CJMM - 2020

	Opening Balance	Additions	Reversed during the year	Total
Bonus provision	25 265	5 492	(7 703)	23 054
Provision for legal claims	107 414	7 773	-	115 187
Provision for subsistence allowance	2 382	-	(2 382)	-
	135 061	13 265	(10 085)	138 241
Non-current liabilities	783 244	764 969	127 168	138 241
Current liabilities	550 182	405 733	-	-
	1 333 426	1 170 702	127 168	138 241

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

1. Bonus provision

Bonus provision relates to the performance bonus for the section 57 employees. It also relates to performance bonuses of employees of municipal entities that are to be paid if certain conditions are met which are assessed after 30 June.

2. Provision for legal claims

Provisions for damages relate to the following claims against the City:

2.1 Maintenance Contract

An Arbitration matter in which Questek claims that the City must pay it approximately R14 million for services rendered in a maintenance contract at the City's request. The attorneys advised that we remove it from provisions as the case has been dormant for over 3 years now and the outflow of future economic benefits is therefore remote.

2.2 Connaught court case

The provision is in respect of properties used for both business and residential but rated for business only. The City was of the view that it can rate the properties as business only which is in line with its rate policy. However, the courts held that the City's rate policy does not take precedence over the Municipal Property Rates Act and the City is obliged to apportion the value of the properties in terms of the Municipal Property Rates Act.

2.3 Damages claims

A claim of R10 million instituted against the City for damages for loss of business as a result of the construction of the Grayston Drive flyover across Katherine Street, Sandown. The matter has become dormant for long periods, as the last trial date was October 2012 which did not take place and the matter was further postponed.

2.4 Damages claims

A litigation in progress that is likely to be paid by Johannesburg Road Agency based on the previous legal actions taken against the entity. The Legal claims emanates from supply chain related matters which occurred in the past and the employment related matters from former and current employees against JRA. The legal claims for on-going cases have been reassessed in the current year based on new developments in the cases.

3. Kelvin ash disposal

Ash disposal provision has been provided for in respect of the Kelvin power station. There is a dispute as to which entity is responsible for these costs between Kelvin Power and City Power.

4. Environmental rehabilitation: landfill sites (closed and open)

The provision relates to Pikitup (SOC) Ltd landfill sites. On an annual basis, management has to determine an accurate estimate of the environmental obligation to rehabilitate the various landfill sites upon closure. During this process management places reliance upon the final Landfill Airspace Estimation Report as compiled by an independent consulting engineer for the technical data utilised in the provision and lifespan estimates.

The landfill airspace estimation as reported by the consulting engineer was performed by the Topographical surveyor who has extensive experience in the field with an Advanced Mine Survey Certificate -M3.

The calculations of the landfill rehabilitation are based on the following assumptions in line with the permit requirements and consistent with prior years:

The final side slopes for each landfill is 1:3;

The cover to waste ratio is 1:5 for each site;

The growth rates for each site are based on zero growth;

The final landfill footprint extends over the entire landfill property size (excluding infrastructure and a 20m buffer zone between the site boundary and the toe of the landfill; and

The density of the waste is calculated using both the survey and weighbridge data.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

27. EMPLOYEE BENEFIT OBLIGATIONS

27.1 Post-retirement liabilities

Post-Retirement Medical Aid Plan	828 560	856 572	770 431	801 589
Post-Retirement Housing Subsidy Plan	8 295	7 061	77	139
Retirement Gratuity Plan	384 780	355 621	143 627	134 818
	1 221 635	1 219 254	914 135	936 546

27.1.1 Unfunded post-retirement medical aid plan

The CJMM has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. The subsidy is based on the age of each qualifying employee on the determined date. The subsidy remains payable only for as long as members remain contributory members to these medical schemes.

Amounts recognised in the Statement of financial position

Present value of unfunded obligation	828 560	856 572	770 431	801 589
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Movements for the year

Opening balance	856 572	946 284	801 589	889 340
Benefits paid	(108 561)	(106 505)	(102 849)	(101 017)
Net expense/(gain) recognised in the statement of financial performance	80 549	16 793	71 691	13 266
	828 560	856 572	770 431	801 589

Net expense recognised in the Statement of financial performance

Interest cost	71 083	77 178	67 406	72 619
Actuarial (gains)/losses	9 466	(60 385)	4 285	(59 353)
	80 549	16 793	71 691	13 266

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

27.1.2 Unfunded post-retirement housing subsidy plan

The CJMM 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 assumed to remain constant and to continue for a period of 10 years after retirement.

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	8 295	7 061	77	139
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Movements for the year

Opening balance	7 061	9 712	139	279
Benefits paid	(2 606)	(2 208)	(85)	(54)
Net expense/ (gain) recognised in the statement of financial performance	3 840	(443)	23	(86)
	8 295	7 061	77	139

Net expense recognised in the Statement of financial performance

Current service cost	210	282	-	-
Interest cost	541	756	10	20
Actuarial (gains) /losses	3 089	(1 481)	13	(106)
	3 840	(443)	23	(86)

27.1.3 Unfunded post-retirement gratuity plan

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

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	384 780	355 621	143 627	134 818
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Movements for the year

Opening balance	355 621	347 582	134 818	131 872
Benefits paid	(35 200)	(29 298)	(7 736)	(8 565)
Net expense/ (gain) recognised in the statement of financial performance	64 359	37 337	16 545	11 511
	384 780	355 621	143 627	134 818

Net expense recognised in the Statement of financial performance

Interest cost	25 409	28 218	11 287	11 172
Actuarial (gains)/ losses	38 950	9 119	5 258	339
	64 359	37 337	16 545	11 511

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	9,19 %	9,05 %	9,19 %	9,05 %
Health care cost inflation rate	7,02 %	5,60 %	7,02 %	5,60 %

Sensitivity analysis

GROUP- 2021

Accrued Liability- Mortality rate	- 20 % Mortality Rate	Valuation Assumption	+ 20 % Mortality Rate
Post-retirement medical aid	908 736	828 560	772 550
Post-retirement Housing subsidies	8 662	8 295	8 002
Post-retirement gratuities	384 554	384 780	385 283
Total	1 301 952	1 221 635	1 165 835

Accrued Liability- Medical/salary inflation	+ 1% in medical /salary inflation	Valuation Assumption	+ 1% in medical /salary inflation
Post-retirement medical aid	811 876	828 560	851 246
Post-retirement Housing subsidies	7 986	8 295	8 674
Retirement gratuities	367 916	384 780	403 150
Total	1 187 778	1 221 635	1 263 070

CJMM- 2021

Accrued Liability- Mortality rate	- 20% Mortality Rate	Valuation Assumption	+ 20% Mortality Rate
Post-retirement medical aid	845 574	770 431	718 500
Post-retirement Housing subsidies	106	77	103
Retirement gratuities	143 604	143 627	143 928
Total	989 284	914 135	862 531

Accrued Liability- Medical/salary inflation	- 1% in medical /salary inflation	Valuation Assumption	+ 1% in medical /salary inflation
Post-retirement medical aid	755 704	770 431	791 513
Post-retirement Housing subsidies	104	77	105
Retirement gratuities	137 333	143 627	150 676
Total	893 141	914 135	942 294

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

28. DEFERRED INCOME

Bond tap

Balance unspent at beginning of year	24 400	29 132	24 400	29 132
Conditions met - transferred to revenue	(5 242)	(4 732)	(5 242)	(4 732)
Conditions still to be met - transferred to liabilities	19 158	24 400	19 158	24 400

The Bond tap is a Bond issued into the life of an existing Bond. The Tap was issued at a premium on the prevailing interest rate at the time of the Tap. The premium is amortised over the maturity of the Bond and released to interest income on an annual basis.

The Tap was issued on the 9th of December 2008 and is due to mature on the 5th of June 2023. The Tap was issued at a premium of R58,038,692 at an interest rate of 12.21% per annum. The notional amount was R468,000,000 and the issue price was R526,038,692.

Deferred income related to BRT points system

Balance at beginning of year	59 924	49 015	59 924	49 015
Net movement	109 601	133 430	109 601	133 430
Conditions met - transferred to revenue	(127 510)	(122 521)	(127 510)	(122 521)
Conditions still to be met - transferred to liabilities	42 015	59 924	42 015	59 924

BRT awards bonus points to passengers when they load money into their cards. The deferred income is released as and when the passengers redeem their points.

Passenger trips received in advance

Balance unspent at beginning of year	2 732	5 015	-	-
Net movements	2 350	(2 283)	-	-
Conditions still to be met - transferred to liabilities	5 082	2 732	-	-

Current liabilities	52 907	62 656	47 825	59 924
Non current liabilities	13 349	24 400	13 349	24 400
Total	66 256	87 056	61 174	84 324

Deferred income refers to the liability relating to passenger trips sold in advance through the Smartcards Multi-Journey Software. The deferred income is released as and when the passengers present these cards on the buses and the bus operators issue a ticket accordingly.

29. LOANS FROM MUNICIPAL ENTITIES

Non-current liabilities	-	-	442 924	434 314
Current liabilities	-	-	-	-
	-	-	442 924	434 314

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

30. FINANCIAL LIABILITIES BY CATEGORY

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

GROUP - 2021

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	1 310 884	1 310 884
Finance lease obligation	38 010	38 010
Payable from exchange	12 187 354	12 187 354
Consumer deposits	15 098	15 098
Non-Current Liabilities		
Loans and borrowings	22 263 416	22 263 416
Finance lease obligations	545	545
Provisions	-	-
Consumer deposits	1 157 260	1 157 260
	36 972 567	36 972 567

GROUP - 2020

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
Current Liabilities			
Loans and borrowings	1 940 627	-	1 940 627
Finance lease obligations	170 011	-	170 011
Payables from exchange	11 859 391	-	11 859 391
Payable from non exchange	380 211	-	380 211
Consumer deposits	15 754	-	15 754
Non-Current Liabilities			
Finance lease obligation	38 540	-	38 540
Loans and borrowings	20 157 329	-	20 157 329
Consumer deposits	1 081 662	-	1 081 662
	35 643 525	-	35 643 525

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

CJMM - 2021

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	1 308 742	1 308 742
Finance lease obligations	34 661	34 661
Payable from exchange	14 030 394	14 030 394
Non-Current Liabilities		
Loans from municipal entities	442 924	442 924
Loans and borrowings	22 254 419	22 254 419
Employee benefit obligation	914 135	914 135
Consumer deposits	13 768	13 768
	38 999 043	38 999 043

CJMM - 2020

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	1 938 485	1 938 485
Finance lease obligations	162 678	162 678
Payables from exchange transactions	13 203 439	13 203 439
Non-Current Liabilities		
Loans from municipal entities	434 314	434 314
Loans and borrowings	20 146 189	20 146 189
Finance lease obligations	34 661	34 661
Provision	138 241	138 241
Consumer deposits	14 451	14 451
	36 072 458	36 072 458

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

31. OTHER INCOME

Training revenue	6 574	1 859	6 403	1 049
Recovery of legal costs	77	-	77	-
Recovery of insurance	7 256	2 624	986	777
Licenses and permits	13 065	7 176	13 065	7 176
Sundry revenue	266 908	181 136	205 052	28 673
Public safety recoveries	6 494	29 073	6 494	29 073
Gautrain maintenance fees	7 040	7 124	-	-
Cemetery fees	40 685	25 420	-	-
Concessionary fees	37 001	37 000	37 001	37 000
Theatre ticket sales	-	7 159	-	-
Cut-off fees	2 346	4 985	-	-
Internal recoveries - ME's	-	-	353 642	233 241
	387 446	303 556	622 720	336 989

32. RENDERING OF SERVICES

Other service charges	165 515	133 335	17 036	26 529
Town Planning	66 577	48 922	66 577	48 922
Public Safety Services	10 309	10 393	10 309	10 393
Advertising	31 484	47 999	31 484	47 999
BRT and Metrobus Revenue	162 307	189 130	124 631	122 765
Refuse removal	1 874 331	1 790 875	-	-
Sale of electricity	15 875 155	15 412 359	-	-
Sale of water	7 364 831	6 963 931	-	-
Sewerage and sanitation charges	5 112 172	4 885 356	-	-
	30 662 681	29 482 300	250 037	256 608

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

33. PROPERTY RATES

Rates received

Residential	5 176 718	4 671 045	5 176 718	4 671 045
Commercial	7 554 959	7 601 295	7 554 959	7 601 295
State	304 115	279 884	304 115	279 884
	13 035 792	12 552 224	13 035 792	12 552 224

Valuations

Residential	922 200 950	908 960 424	922 200 950	908 960 424
Commercial	428 875 354	432 626 136	428 875 354	432 626 136
State	43 818 326	44 214 713	43 818 326	44 214 713
	1 394 894 630	1 385 801 273	1 394 894 630	1 385 801 273

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

34. GOVERNMENT GRANTS AND SUBSIDIES

Provincial grants : Capital projects	-	9 523	-	9 523
Urban settlements development grant (USDG)	1 843 683	1 840 451	1 477 375	1 325 936
Provincial grants : Top structure of houses	-	249 858	-	249 858
Provincial grants : Operating projects	17 559	14 357	17 559	14 357
United Nation Environment Programme	6 722	2 642	6 722	2 642
Public Transport Network Grant (Capital Projects)	548 871	398 036	548 871	398 036
Neighbourhood development partnership grant (NDPG)	85 563	25 707	85 563	25 707
Integrated City Development Grant (ICDG)	48 883	75 757	48 883	75 757
Expanded Public Works Programme (EPWP)	19 335	23 931	2 202	2 671
Municipal Emergency Housing Grant (MEHG)	14 028	-	14 028	-
Provincial grant : Jozi Ihlomihle (Hiv/Aids)	18 662	12 179	18 662	12 179
Public Transport Network operations Grant	259 820	232 927	259 820	232 927
Ambulance subsidy	-	124 102	-	124 102
Equitable share and fuel levy	9 587 055	7 962 328	9 587 055	7 962 328
Provincial health subsidies	144 091	136 192	144 091	136 192
Other Grants	9 356	74 545	958	1 000
	12 603 628	11 182 535	12 211 789	10 573 215

Provincial grants : Capital projects

Balance unspent at beginning of year	55 329	55 329	55 329	55 329
Adjustment - Debtors	-	9 523	-	9 523
Conditions met - transferred to revenue	-	(9 523)	-	(9 523)
Conditions still to be met - transferred to liabilities	55 329	55 329	55 329	55 329

Urban settlements development grant

Balance unspent at beginning of year	475 607	6 328	475 607	6 328
Current year receipts	1 843 676	2 309 730	1 843 676	2 309 730
Amounts withheld	(475 600)	-	(475 600)	-
Transfers	-	-	(366 308)	(514 515)
Conditions met - transferred to revenue	(1 843 683)	(1 840 451)	(1 477 375)	(1 325 936)
Conditions still to be met - transferred to liabilities	-	475 607	-	475 607

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

Provincial grants : Top structure of houses

Balance unspent at beginning of year	-	55 670	-	55 670
Current year receipts	-	55 103	-	55 103
Settlements/adjustments against debtors	-	139 085	-	139 085
Conditions met - transferred to revenue	-	(249 858)	-	(249 858)
Conditions still to be met - transferred to liabilities	-	-	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Provincial grants : Operating projects

Balance unspent at beginning of year	27 317	16 674	27 317	16 674
Current year receipts	18 500	25 000	18 500	25 000
Paid back	919	-	919	-
Conditions met - transferred to revenue	(17 559)	(14 357)	(17 559)	(14 357)
Conditions still to be met - transferred to liabilities	29 177	27 317	29 177	27 317

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

United Nation Environment Programme

Balance unspent at beginning of year	2 578	5 220	2 578	5 220
Current year receipts	9 727	-	9 727	-
Conditions met - transferred to revenue	(6 722)	(2 642)	(6 722)	(2 642)
Conditions still to be met - transferred to liabilities	5 583	2 578	5 583	2 578

Public Transport Network Grant (Capital Projects)

Balance unspent at beginning of year	238 664	614	238 664	614
Current year receipts	246 355	636 700	246 355	636 700
Grants paid back	-	(614)	-	(614)
Transferred from operating expenditure	71 437	-	71 437	-
Conditions met - transferred to revenue	(548 871)	(398 036)	(548 871)	(398 036)
Conditions still to be met - transferred to liabilities	7 585	238 664	7 585	238 664

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Neighbourhood development partnership grant

Balance unspent at beginning of year	24 369	14 567	24 369	14 567
Current year receipts	70 994	80 000	70 994	80 000
Paid back	(9 800)	(44 491)	(9 800)	(44 491)
Conditions met - transferred to revenue	(85 563)	(25 707)	(85 563)	(25 707)
Conditions still to be met - transferred to liabilities	-	24 369	-	24 369

The purpose of this grant is to stimulate and accelerate private sector investment in poor and underserved neighbourhoods. It is an Infrastructure Development grant focusing on township development, for the purpose of attracting private investment and for Government agencies to be able to provide basic services.

Integrated City Development Grant (ICDG)

Balance unspent at beginning of year	-	2 454	-	2 454
Current year receipts	73 865	75 757	73 865	75 757
Paid back	-	(2 454)	-	(2 454)
Conditions met - transferred to revenue	(48 883)	(75 757)	(48 883)	(75 757)
Conditions still to be met - transferred to liabilities	24 982	-	24 982	-

Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	137	647	137	647
Current year receipts	19 342	24 068	19 819	23 955
Paid/Due to MOEs	-	-	(17 610)	(21 147)
Paid back	(136)	(647)	(136)	(647)
Conditions met - transferred to revenue	(19 335)	(23 931)	(2 202)	(2 671)
Conditions still to be met - transferred to liabilities	8	137	8	137

The Grant assists in providing an important avenue for labour absorption and aids transfers of income to poor households. It uses expenditure on goods and services to create work opportunities for the unemployed. EPWP Projects employ workers on a temporary or on-going basis either by government, by contractors, or by other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

Municipal Emergency Housing Grant

Current year receipts	71 337	-	71 337	-
Conditions met - transferred to revenue	(14 028)	-	(14 028)	-
Conditions still to be met - transferred to liabilities	57 309	-	57 309	-

Provincial grant : Jozi Ihlomihle (Hiv/Aids)

Balance unspent at beginning of year	12 956	-	12 956	-
Current year receipts	26 643	25 135	26 643	25 135
Paid Back	(12 956)	-	(12 956)	-
Conditions met - transferred to revenue	(18 662)	(12 179)	(18 662)	(12 179)
Conditions still to be met - transferred to liabilities	7 981	12 956	7 981	12 956

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Public Transport Network Grant (Operational projects)

Balance unspent at beginning of year	199 085	153 548	199 085	153 548
Current year receipts	409 060	432 066	409 060	432 066
Paid back	(127 700)	(153 602)	(127 700)	(153 602)
Transferred to capital expenditure	(71 435)	-	(71 435)	-
Conditions met - transferred to revenue	(259 820)	(232 927)	(259 820)	(232 927)
Conditions still to be met - transferred to liabilities	149 190	199 085	149 190	199 085

Energy Management Grant

Balance unspent at beginning of year	4 036	2 251	4 036	2 251
Current year receipts/Repayments	(2 573)	1 785	5 000	10 000
Transfers to MOE	-	-	(7 573)	(8 215)
Conditions still to be met - transferred to liabilities	1 463	4 036	1 463	4 036

Public contributions: Service connections

Balance unspent at beginning of year	46 370	63 610	-	-
Current year receipts	20 771	5 709	-	-
Transfer to income	(15 316)	(22 949)	-	-
Conditions still to be met - transferred to liabilities	51 825	46 370	-	-

Ambulance subsidy

Current year receipts	-	124 102	-	124 102
Conditions met - transferred to revenue	-	(124 102)	-	(124 102)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

Equitable share and fuel levy

Current year receipts	9 587 055	7 962 328	9 587 055	7 962 328
Conditions met - transferred to revenue	(9 587 055)	(7 962 328)	(9 587 055)	(7 962 328)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Provincial health subsidies

Current year receipts	144 091	136 192	144 091	136 192
Conditions met - transferred to revenue	(144 091)	(136 192)	(144 091)	(136 192)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

35. EMPLOYEE RELATED COSTS

Employee related costs : Salaries and wages	10 633 215	9 957 057	6 512 155	6 168 515
Employee related costs : Pension contributions	1 519 424	1 383 352	908 893	830 046
Employee related costs : Medical aid contributions	831 852	763 184	489 350	447 384
Employee related costs : Skills development levy	94 349	112 740	52 875	72 192
Housing benefits and allowances	79 867	63 758	49 318	45 270
Overtime payments	729 438	844 096	268 204	447 544
Bonus	680 618	653 376	391 697	344 215
Travel, motor car, accommodation, subsistence and other allowances	564 655	527 027	330 453	322 475
Post-Retirement Benefits	29 428	(65 474)	9 470	(59 827)
Other employee benefits	67 564	60 874	-	-
UIF	69 256	60 734	36 018	33 916
	15 299 666	14 360 724	9 048 433	8 651 730

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Key management remuneration- 2021

Annual Remuneration	54 318	48 778
Car Allowance	2 024	2 953
Performance Bonuses	2 249	1 612
Contributions to UIF, Medical and Pension Funds	2 674	2 203
Final Leave payment	698	422
Other benefits received	2 387	1 241
Termination	2 796	-
	67 146	57 209

Key management 2021

	Annual salary	Allowances	Contributions to UIF, Medical and Pension Funds	Performance bonus	Final Leave payment	Other benefits received	Total
CM	1 934	-	39	148	1 692	-	3 813
GCFO	2 418	-	2	60	-	-	2 480
COO	2 500	48	2	98	-	-	2 648
GCTO	950	79	1	103	197	-	1 330
SECRETARY	972	50	103	164	-	-	1 289
ED - COM DEV	171	-	-	116	-	-	287
ED - DED	2 232	97	2	116	-	-	2 447
ED - HEALTH	-	-	-	190	239	-	429
ED - DPUM	1 609	240	259	103	-	-	2 211
ED - TRANSPORT	907	50	71	-	-	-	1 028
ED - PUBLIC SAFETY	1 096	73	69	-	-	-	1 238
GH - GOVERNANCE	1 922	181	211	57	-	-	2 371
GH - LEGAL	1 769	85	203	103	-	-	2 160
GH - CRUM	1 262	139	155	-	198	-	1 754
ED - EISD	1 785	120	254	-	-	-	2 159
ED - C/MANAGER	2 151	-	201	114	-	-	2 466
GH - COMMUNICATION	1 815	91	254	-	61	-	2 221
GH - RISK & ASSURANCE	1 090	-	112	141	-	-	1 343
GH- STRATEGY	2 158	1	2	-	-	-	2 161
Core total	28 741	1 254	1 940	1 513	2 387	-	35 835
JRA- Chief Executive Officer	1 548	-	83	-	-	317	1 948
JOSHCO - Chief Executive Officer	1 895	202	-	-	-	-	2 097
CIVIC-Chief Executive Officer	2 361	-	25	311	-	25	2 722
City Parks & Zoo - Managing Director	2 272	96	146	264	-	2	2 780
JPC-Chief Executive Officer	2 700	250	31	-	-	-	2 981
Managing Director - Metrobus	2 067	-	-	-	-	15	2 082
MARKET-Chief Executive Officer	1 960	-	-	-	-	37	1 997
MARKET-Chief Executive Officer (Acting)	260	-	-	-	-	38	298
JDA-Chief Executive Officer	2 432	-	-	-	-	-	2 432
PIKITUP-Managing Director	2 713	-	51	-	-	-	2 764
WATER-Managing Director	2 477	176	398	-	-	-	3 051
POWER - Chief Executive Officer	891	46	-	161	-	2 894	3 992
POWER - Chief Executive Officer	726	39	-	-	-	15	780
MTC-Chief Executive Officer	2 001	-	-	-	-	166	2 167
	55 044	2 063	2 674	2 249	2 387	3 509	67 926

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Key management 2020

	Annual salary	Allowances	Contribution to UIF, Medical and Pension Funds	Performance bonus and other benefits	Final Leave payment	Other benefits received	Total
CM	2 904	-	56	140	-	-	3 100
GCFO	2 418	-	2	-	-	-	2 420
COO	2 500	-	2	-	-	-	2 502
GCTO	1 899	156	2	-	-	-	2 057
ED - COM DEV	159	18	17	134	121	-	449
ED - DED	2 232	96	2	-	-	-	2 330
ED - HEALTH	2 484	117	2	180	-	-	2 783
ED - HOUSING	60	-	-	-	181	-	241
ED - DPUM	1 429	420	259	-	-	-	2 108
ED - GOVERNANCE	1 520	683	208	-	-	-	2 411
ED - LEGAL	1 570	285	201	-	-	-	2 056
ED - CRUM	1 941	103	206	107	-	-	2 357
ED - EISD	1 339	90	191	-	-	-	1 620
ED - C/MANAGER	2 155	47	197	-	-	-	2 399
ED - COMMUNICATION	1 361	68	191	-	-	-	1 620
ED - STRATEGY	1 438	-	1	-	-	-	1 439
Core total	27 409	2 083	1 537	561	302	-	31 892
JRA - Acting Chief Executive Officer	977	-	50	-	-	20	1 047
JRA- Acting Chief Executive	1 627	-	241	-	-	550	2 418
JRA- Acting Chief Executive	2 322	-	127	-	-	204	2 653
JOSHCO-Executive Director	1 878	91	-	-	-	-	1 969
CIVIC-Chief Executive Officer	2 222	-	22	195	-	-	2 439
City Parks & Zoo - Managing Director	2 253	96	145	330	-	-	2 824
JPC-Chief Executive Officer	2 585	250	34	349	120	-	3 338
MBUS -Managing Director	1 706	-	-	-	-	-	1 706
MARKET- Chief Executive Officer	1 144	-	-	-	-	475	1 619
MARKET- Chief Executive Officer	360	-	-	-	-	-	360
MARKET- Chief Executive Officer	245	-	-	-	-	23	268
JDA-Chief Executive Officer	608	-	-	-	-	-	608
PIKITUP-Managing Director	1 497	-	20	-	-	-	1 517
WATER-Managing Director	2 226	176	394	177	-	-	2 973
POWER-Managing Director - CEO	2 524	111	-	-	-	185	2 820
POWER-Managing Director - CEO	2 011	-	-	-	-	220	2 231
MTC-Chief Executive Officer	1 503	146	-	-	-	538	2 187
MTC-Chief Executive Officer							
	55 099	2 953	2 570	1 611	422	2 215	64 871

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2021	2020	2021	2020
36. REMUNERATION OF COUNCILLORS				
Executive Mayor	1 488	1 655	1 488	1 655
Mayoral Committee Members	11 423	12 794	11 423	12 794
Speaker	1 218	1 238	1 218	1 238
Councillors	125 312	123 083	125 312	123 083
Councillors' pension contribution	10 153	9 273	10 153	9 273
Chairpersons	18 522	18 224	18 522	18 224
	168 116	166 267	168 116	166 267
Remuneration of the Executive Mayor - Moloantoa Makhubo				
Annual Remuneration (Herman Mashaba)			-	552
Annual Remuneration (Moloantoa Makhubo)			1 145	612
Car Allowance - Moloantoa Makhubo			110	80
Contributions to UIF, Medical and Pension Funds			189	101
Cell phone Allowance (Moloantoa Makhubo)			44	26
Cell allowance (Herman Mashaba)			-	1
			1 488	1 372
37. DEPRECIATION AND AMORTISATION				
Property, plant and equipment	3 546 965	2 959 996	2 373 174	1 794 746
Investment property	1 715	1 294	-	-
Zoo animals	1 048	1 074	-	-
Intangible assets	280 098	403 315	219 423	315 639
	3 829 826	3 365 679	2 592 597	2 110 385
38. IMPAIRMENT OF ASSETS				
Impairments				
Impairments of assets	270 718	88 574	94 651	80 306
Loans - Pikitup Johannesburg (Pty) Ltd	-	-	1 250 348	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
Loans - Metro Trading Comapny	-	-	359 562	129 998
Metrotrading Company's has not made any repayments towards the loan in the current year even though the amounts are due and payable]				
	270 718	88 574	1 704 561	210 304
39. DEBT IMPAIRMENT				
Consumer debtors	4 522 918	5 447 097	861 330	1 421 658
Receivables from non exchange	1 239 299	1 178 954	1 239 299	1 178 954
Other receivables	632 295	299 067	544 311	195 344
	6 394 512	6 925 118	2 644 940	2 795 956

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2021	2020	2021	2020
40. BULK PURCHASES				
Electricity - Eskom	12 241 695	11 640 339	-	-
Water	6 066 054	6 017 735	-	-
Sewer purification	23 637	23 546	-	-
	18 331 386	17 681 620	-	-

The bulk purchases for the year includes electricity distribution losses and water losses.

Electricity distribution losses

Comprising of:

Technical losses	-	-	1 143 642	1 088 851	-	-
Non-technical losses	-	-	2 527 971	2 349 708	-	-
Total	-	-	3 671 613	3 438 559	-	-

The electricity energy losses can be classified into technical losses and non-technical losses, during 2020/21 financial year. The entity's technical losses for the year are measured at 9%, amounting to R1 143 642 415 (2020: R 1 088 851 178). Technical losses relates to energy that is lost in the transportation of electricity from the point of supply to point of distribution through dissipation as useless heat.

The entity's non-technical losses for the year amounts to R2 527 971 199 (19.89%). The annual non-technical losses in prior financial year amounted to R2 349 707 845 (19.42%). The losses are attributable mainly to the following:

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

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

- Installation of automatic meter management systems, for both large and small power users i.e. automated metering technologies
- Continuous replacement of faulty conventional and pre-paid meters
- Automation of process to acquire new customers and change of meters (through the implementation of automated workflow and escalation system)
- Utilisation of anonymous "hot line" to report theft, vandalism and tampering
- Random and targeted audits are performed, followed by removal of illegal connections and normalisation supply
- Stand by stand audit which will constitute (100%) verification against the valuation role of the City of Johannesburg
- Reconciliation of customer population with the number of stands on the General valuation roll of the City of Johannesburg.

The entity calculates distribution losses as a percentage of Bulk purchases and Kelvin capacity charges which is reported as lease costs in the Statement of Financial Performance

Percentage

Loss:

Technical losses	9 %	9 %	- %	- %
Non-technical losses	20 %	19 %	- %	- %
Total	29 %	28 %	- %	- %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
Water losses				
Comprising of:				
Physical losses	1 100 000	887 900	-	-
Commercial losses	425 900	345 300	-	-
Total	1 525 900	1 233 200	-	-

Non Revenue Water

Non-Revenue Water (NRW) is included in cost of sales. The level of NRW for the year under review is 39.39% [R2.4 billion] (2020: 34.53% [R2.1 billion]). The level of unbilled unmetered consumption for the year under review is 14.31% [R868.3 million] (2020: 14.04% [R844.8 million]). The level of water losses (physical and commercial losses) which is part of NRW for the year under review is 25.08% [R1.5 billion] (2020: 20.49% [R1.2 billion]).

The level of physical losses for the year under review is 18.06% [R1.1 billion], (2020: 14.76% [R887.9 million]). The level of commercial losses for the year under review is 7.02% [R425.9 million], (2020: 5.74% [R345.3 million]).

It is acknowledged and accepted that a certain level of water losses cannot be avoided from a technical perspective and is considered acceptable from an economic perspective. This means the cost of interventions to reduce water losses from a technical perspective should be less than the savings to be realised. The industry norm for water losses is 18%. This norm is exceeded by the company by 7.08% [R429.2 million], (2020: 2.49% [R150.1 million]). The industry norm of 18% applied is 2% more stringent than the benchmark of 20% as published by the South African Water Research Commission.

Percentage

Loss:				
Physical losses	18 %	15 %	- %	- %
Commercial losses	7 %	6 %	- %	- %
Total	25 %	21 %	- %	- %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
41. GRANTS AND SUBSIDIES PAID				
Grants paid to ME's				
City of Joburg Property Company SOC Limited	-	-	644 697	658 636
Johannesburg City Parks NPC	-	-	963 865	885 155
Johannesburg Development Agency SOC Limited	-	-	40 627	60 525
Johannesburg Metro Bus Services SOC Ltd	-	-	669 859	636 533
Johannesburg Roads Agency SOC Limited	-	-	1 293 374	1 169 926
Johannesburg Social Housing Company SOC Limited	-	-	19 900	19 098
Metropolitan Trading Company SOC Limited	-	-	251 893	239 990
Pikitup Johannesburg SOC Limited	-	-	872 786	739 256
Joburg Theatre SOC Limited	-	-	163 454	128 469
	-	-	4 920 455	4 537 588
Other subsidies				
Grant paid : Other	38 208	38 261	18 228	17 174
Grant paid : Housing top structures	-	250 246	-	250 246
	38 208	288 507	18 228	267 420
	38 208	288 507	4 938 683	4 805 008

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
42. GENERAL EXPENSES				
Advertising	24 884	36 211	14 382	24 657
Auditor's remuneration	68 535	65 841	27 019	26 426
Bank charges	131 239	149 182	122 300	139 915
Cleaning	20 412	31 094	-	-
Commission paid	34 299	47 523	-	-
Consulting and professional fees	484 424	295 873	290 731	194 196
Cost of inventories expensed	302 339	348 451	28 762	26 753
Debt collection	373 909	229 186	373 909	229 186
Hire of equipment and buses	29 810	33 677	29 345	33 452
Insurance	295 767	235 178	289 643	155 217
Conferences and seminars	4 279	7 551	3 402	5 949
IT expenses	261 818	267 271	236 303	252 915
Fleet costs	1 578 093	861 231	330 292	142 303
Marketing	31 356	43 639	15 796	22 661
Motor vehicle expenses	87 316	98 190	-	-
Specialized services	835 052	723 935	981 027	890 251
Productions	21 460	18 046	-	-
Postage and printing stationery	152 775	159 792	137 786	140 914
Promotions	-	657	-	-
Contracted services	49 735	40 633	46 344	37 421
Maintenance services	2 775 057	2 477 961	555 053	386 280
Security (Guarding of municipal property)	273 345	343 005	43 553	46 816
Software expenses	181 979	141 811	169 138	58 163
Staff welfare	52 011	100 507	17 723	38 438
Subscriptions and membership fees	31 986	44 356	23 312	39 110
Telephone and fax	94 186	129 837	29 350	44 018
Training	36 462	60 725	6 507	35 736
Travel - local	5 020	7 764	284	3 428
Travel - overseas	56	1 459	-	301
Free electricity	3 664	1 885	-	-
Utilities	343 246	340 048	860 361	846 273
Incident management fund	40 650	40 784	40 650	40 784
Billing and meter reading charges	38 358	35 330	-	-
Cut-off fees	32 426	30 292	-	-
Other expenses	761 889	709 100	551 418	424 494
	9 457 837	8 158 025	5 224 390	4 286 057

43. FAIR VALUE ADJUSTMENTS

• Sinking fund	262 205	434 465	262 205	434 465
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020
44. CASH GENERATED FROM OPERATIONS				
Surplus	3 868 046	3 135 251	1 360 033	2 047 323
Adjustments for:				
Depreciation and amortisation	3 829 826	3 365 679	2 592 597	2 110 385
Public contributions, Donated and contributed property	(212 769)	(335 641)	(1 231)	(18 395)
Fair value adjustments	(262 205)	(434 465)	(262 205)	(434 465)
Finance costs: liabilities from Municipal entities	-	-	25 528	25 528
Debt impairment	6 394 512	6 925 118	2 644 940	2 795 956
loss/gain on sale of Assets	39 201	81 934	28 181	62 213
Impairment losses	270 718	88 574	1 704 562	210 304
Post-retirement benefits net expenditure	148 748	53 688	-	24 168
Gain/ Loss from equity accounted investments	613	(680)	-	-
deferred tax	(197 410)	-	-	-
Changes in working capital:				
Inventories	24 082	(84 841)	7 410	(20 211)
Receivables	(1 147 146)	(709 916)	(2 466 148)	189 341
Current tax receivable	(173 080)	(8 827)	-	-
Current tax payable	(54 756)	33 779	-	-
Adjustment of impairment of current receivable	(6 394 512)	(6 925 118)	(2 644 940)	(2 795 956)
Payables	363 580	(321 029)	273 039	(562 979)
VAT receivable/ payable	132 189	(22 193)	(41 862)	89 556
Unspent conditional grants and receipts	(694 540)	705 989	(701 471)	726 769
Increase/(Decrease) in deferred income	(20 800)	7 743	(23 152)	6 177
Increase/(Decrease) in Provision	162 724	86 547	(11 073)	3 180
Increase/(Decrease) in Consumer deposits	74 942	97 826	(683)	(2 789)
	6 151 963	5 739 418	2 483 525	4 456 105

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

45. COMMITMENTS

Commitments in respect of capital expenditure:

Authorised and contracted for

• Capital Commitments	12 669 267	8 650 555	5 263 403	2 349 321
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This committed expenditure relates to fixed assets and will be financed by government grants, existing cash resources and external loans etc.

Operating leases - as lessee (Fleet)

Minimum lease payments due

- within one year	73 504	81 814	-	-
- in second to fifth year inclusive	16 526	-	-	-
	90 030	81 814	-	-

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

Operating leases – as lessee (Buildings)

Minimum lease payments due

- within one year	195 941	243 432	22 018	25 904
- in second to fifth year inclusive	41 661	218 793	9 659	49 783
	237 602	462 225	31 677	75 687

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Operating leases – as lessee Land (Soccer City)

Minimum lease payments due

- within one year	75	75	75	75
- in second to fifth year inclusive	299	299	299	299
- later than five years	6 494	6 494	6 494	6 494
	6 868	6 868	6 868	6 868

Operating leases - as lessee (Equipment)

Minimum lease payments due

- within one year	237 246	612 510	-	-
- in second to fifth year	8 531	309 263	-	-
	245 777	921 773	-	-

Operating lease payments represent rentals payable in future by Johannesburg City Power for certain equipment. Leases are negotiated for an average term of seven years.

The operating lease income relates to rental of buildings. The average lease agreements are three years and are based on a rental fee per square metre of rental space. The average escalation rate is 4.4% per annum

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

46. Contingencies (2021)

GROUP

Legal Claims by residents/companies

Details of contingencies	Name of the company responsible	Estimated Amount in R'000
The Plaintiff is suing the City for alleged services renders or goods delivered and not paid, The City does not dispute the services rendered.	CJMM	3 657
Claim by the Plaintiff for allegedly failing to provide sufficient electricity for development after rezoning a property. The court dismissed the application and the parties agreed that the allocated time for trial was not sufficient as a result they are currently awaiting new trial date.	CJMM	6 290
Claim by a company for services rendered. The claim seems legitimate and City intends on entering settlement negotiations with applicant. The matter is being defended, City filed an answering affidavit raising locus standi/contractual privity alternatively that the amount claimed by the applicant is highly overstated.	CJMM	266 000
The Plaintiff claims to have suffered damages to the extent of lost income for the full duration of the agreement concluded with the City. Pleadings have closed and the matter is awaiting set down	CJMM	2 640
Claim by a resident relating to alleged damages for loss of amenity due to City approving certain land uses adjacent to the plaintiff's property. Trial date in this matter is set for 9, 10 and 11 September 2019.	CJMM	17 000
There is a dispute the members of SALGA Pension Fund lodged with the City of Joburg subsequent to their transfer to eJoburg pension fund. The court decided that if this matter should proceed there should be a joinder by all the affected parties.	CJMM	20 951
The Plaintiff sued the City for damages, the plaintiff alleges arose from the City's non enforcement of the by-laws. A trial date is being awaited.	CJMM	5 800
A company claims for monies to be paid by City for tickets and plaintiff also claims for loss of business. Trial date set for 3 September 2019. The City does not deny the money for the tickets but has a problem with a claim for loss of business by plaintiff.	CJMM	1 402
The plaintiff is claiming an amount in relation to the retention costs, termination costs, payment of the value of the work done and time related costs for the project of Bulk and storm-water at Pimville Zone. The service provider abandoned the site and claim that the City had made a calculation error and he then repudiated the contract. Notice to oppose the matter was filed by COJ.	CJMM	8 950
The plaintiff (an international company) is suing the Johannesburg City Theatres for the cancellation of the Soweto Jazz Festival in 2018. A plea and request for security has been served.	CJMM	24 505
JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court. Progress made since 2012 – Some of illegal occupants have agreed to be reallocated to properties operated by JOSHCO. The few that would be left because of inability to meet due to ongoing negotiations for reallocations and the legal proceedings have been in abeyance until alternate accommodation is found by the JDA and CJMM. The parties are working together to reach agreement without a protracted litigation process	Development Agency (SOC) Ltd	-
JDA has been served with summons for loss of income and damages to property by the operators of the establishment known as Ubuntu Kraal in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The matter is now being handled by CJMM insurer attorneys. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There has been no developments since the matter was removed from the trial roll in June 2018. The plaintiff's attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution. JDA has written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.	Development Agency (SOC) Ltd	23 500

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

The applicant sought an order interdicting and restraining the City of Johannesburg and the JDA from proceeding with the tender process and implementing the contract in respect of the tender in relation to the BRT Bus Monitoring system. The applicant seeks an order, amongst others, reviewing and setting aside the JDA's decision to award the tender to the Naledi consortium. Naledi also opposes this relief. The matter is currently at pleadings stage with the JDA having filed its answering affidavit in July 2020. The Applicant (Bona) has not taken steps since September 2020 to ensure that the matter is ready for hearing. They are required to file heads of argument, after which the rest of the respondents (JDA and Naledi) would file theirs and the matter be allocated a date for hearing. The JDA and City have since decided to file our own heads of arguments despite the failure by the applicant to do so. The matter will be held in court at the date yet to be determined.	Development Agency (SOC) Ltd	-
The scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed on 14 October 2015 which resulted in the loss of life and other damages. Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry to determine the causes for the collapse of the scaffolding works. The inquiry commenced on 7 July 2016 and a Commissioner appointed by the DOL. The hearing took place and was completed. The Commissioner from the Department of Labour has concluded on the matter and the JDA has lodged an appeal to the Labour Court against the decision of the Chief Inspector, the JDA received a Notice to Oppose from the State Attorney, who is representing the Chief Inspector in the above matter. JDA received the written record of proceedings forming the subject of the appeal from the State Attorney on 30 June 2020. In accordance with the Labour Court Rules, JDA extracted certain portions of the record for purposes of the appeal proceedings and served a certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020. The Appellants' concise written representations were received on Thursday, 30 July 2020. Now that both parties have submitted their written representations, the Registrar of the Labour Court, will set the matter down. To date, the JDA have not been provided a date by the Registrar. The matter will be heard in the labour court on a date yet to be set by the court.	Development Agency (SOC) Ltd	-
Application for an order to remove automatic generator installed at Asphalt Depot.	Roads Agency (SOC) Ltd	-
SARS initiated an audit of JRA for the income tax for the years 2016 and 2017 tax years. After engagement SARS has indicated that they want JRA to pay, however, JRA has lodged an objection to this.	Roads Agency (SOC) Ltd	100 019
Respondent is opposing JRA's application to have the Public Protector's report declared unlawful and set aside.	Roads Agency (SOC) Ltd	-
Certain various respondents made an urgent application to the high court for the underpinning, remediation and management of the stormwater infrastructure at the Muldersdrift Seloop River in Mogale City.	Roads Agency (SOC) Ltd	-
City Power has submitted tax returns with SARS for 2015, 2016, 2017, 2018, 2019 and 2020 financial years claiming 100% bad debt allowance. However the South African Revenue Services has approved a deduction of 25% in terms of bad debt allowances. City Power is currently continuing to claim a 100% allowance as it is appealing the decision of the Receiver. The entity is fully accrued in the event that its endeavours to claim 100% bad debt allowance fails	City Power (SOC) Ltd	-
The Receiver has withheld VAT refunds due to the City Power to offset against the income tax owing to the Receiver.	City Power (SOC) Ltd	811 402
SARS has disallowed wear and tear allowances claimed under section 12C and 13(1) for the tax years 2014, 2015 and 2016. The entity has been claiming these allowances based on written approval received from SARS in 2003. SARS indicated in its letter of disallowance that the entity is entitled to section 11E wear and tear allowances. However in the revised assessments for these years issued by SARS no deduction was afforded to the entity. This resulted in an overstatement in the amounts due to SARS (2014: R231 800 638), (2015: R276 920 073), (2016: R358 099 737) and consequent interest costs of R446 000 000. The entity is challenging SARS in the Income tax court after failing in its endeavours to resolve the impasse as prescribed by the Income Tax Administration Act	City Power (SOC) Ltd	1 312 820
A company has initiated legal proceedings against the City of Johannesburg, City Power and Johannesburg Roads Agency for an alleged violation of a patent for manhole covers. The matter is being defended and an expert was appointed by the entity to assist with the matter. The potential liability for the entity is yet to be determined.	City Power (SOC) Ltd	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

A summons was issued in favour of a customer for delictual damages. The plaintiff is claiming damages for an injury sustained when falling into a trench. The matter is defendant by the entity.	City Power (SOC) Ltd	267
A company is claiming for failure to provide electricity services by the entity. The matter is been defended.	City Power (SOC) Ltd	1 600
Due to the complexity in determining the carbon omissions and methodologies Kelvin Power determine the liability based on section 4(2) of the Carbon Tax Act which utilise default emission factors as per schedule 2 compared to section 4(1) utilised by the entity.	City Power (SOC) Ltd	50 536
A public liability claim from the lawyers of a customer after she fell in to the orchestra pit. Bosch's attorneys claim that the incident was caused due to negligence by Joburg Theatre. The matter has gone to court and JCT is awaiting an outcome.	Joburg Theatre (SOC) Ltd	9 020
The plaintiff's claim relates to alleged failure to reimburse the first plaintiff with reasonable costs for the upgrade and repair of water infrastructure. The alternative claim relates to a claim for enrichment in the same amount. The matter is held in abeyance by the plaintiffs and the entity is not aware of any trial date. If the court finds in favour of the entity and a cost order is issued, recovery of legal fees will be pursued.	Joburg Water (SOC) Ltd	5 487
The plaintiff claims that the company caused damage to its fibre infrastructure. Joburg Water is awaiting dates for the judicial pre-trial, alternatively the trial from the plaintiff.	Joburg Water (SOC) Ltd	322
The plaintiff is contesting the imposition of fines and billing of its discharge of industrial effluent into the sewer claiming that the company did not bill accurately based on volumes obtained on direct measurements reflecting actual effluent discharge alternatively, that the company billed based on inaccurate measurements. The plaintiff is seeking reimbursement for unjustified enrichment.	Joburg Water (SOC) Ltd	5 048
The plaintiff claims that it had under-billed the entity for a 5 year period in relation to a contractual agreement for the supply of metered bulk water. Pleadings for the arbitration have closed and the matter will proceed to hearing stage. An expert has been appointed by the entity and the hearing on prescription has been rescheduled to the first quarter of the next financial year. Each party bears its own cost for the arbitration and share costs for recordings, venue and arbitrator's costs.	Joburg Water (SOC) Ltd	104 577
A certain company has a damage claim for loss of income at Randburg Silkirk for fence demolition against JOSHCO.	JOSHCO (SOC) Ltd	653
Disputes with a certain company relating to security services	JOSHCO (SOC) Ltd	92
A company is claiming for interest on overdue professional account and legal fees.	JOSHCO (SOC) Ltd	157
A company is claiming for legal fees from claim for construction work done on the Casa Mia refurbishment project.	JOSHCO (SOC) Ltd	378
A claim for work done on the Dobsonville project	JOSHCO (SOC) Ltd	1 220
Application launched against JCPZ for an Order allowing it to grant the Applicant the ability to erect a tombstone on a grave site where she has no rights. Matter opposed and settling Answering Affidavit.	City Parks NPC	-
Debt restructuring: During the debt restructuring process, management identified that there could be potential tax issues that could arise from the debt restructuring process. Management also identified certain potential issues in so far as it related to income tax. Management is in the process of assessing this and determining appropriate way forward.	Metro Bus (SOC) Ltd	-

Contractual Disputes with service providers

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
The City was sued for breach on 12 December 2014. The matter was finalised in 2016. On or about the 12th September 2018, the applicant served an Application for leave to appeal the judgement. The Application for leave to appeal was heard on the 13th of November 2018, in which the Judge granted the applicant the leave to appeal. The City is opposing the appeal.	CJMM	1 667
There is a claim for breach of contract for the provision of goods. As at the 16 October 2018 the parties are exchanging pleadings.	CJMM	11 307

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

There is a claim for monetary payment for a breach of contract for the stated amount and a claim for immediate specific performance as per the agreement. Parties are exchanging pleadings.	CJMM	340
A certain company instituted legal proceedings against the City of Johannesburg Metropolitan Municipality on or about 22 October 2018, the Plaintiff claimed inter alia that the City awarded them a contract for the construction of roads and storm water management system at Elias Motsoaledi Extension 1, they performed according to their obligations as required by the contract. The Plaintiff claimed that they had exhausted all of their efforts to ensure the success of the project but they, ultimately, could not complete the works. As such, the Plaintiff terminated the contract between themselves and the Defendant in September 2017. On or about 13 March 2019, the High Court granted Summary Judgement against the defendant. Discovery has been finalised, the Plaintiff bears the onus of having the matter set down for hearing and, as such, The city is awaiting a date for hearing from the court.	CJMM	4 277
Dispute with service provider due to a utility cost analysis project that was suspended as a result of an invalid tender award	Joburg Market (SOC) Ltd	792
Dispute with a company regarding professional fees in respect of road rehabilitation	Joburg Market (SOC) Ltd	1 080
The plaintiff is claiming monies for services rendered which it is alleged Pikitup has not paid. The likelihood of recovering legal costs should the entity succeed are remote.	Pikitup (SOC) Ltd	334
The plaintiff is claiming that his former company contracted with the entity and alleges that the entity is in breach of the contract by failing to pay for the equipment purchased by the plaintiff in fulfilment of the contract. The said company is liquidated. The plaintiff in this matter is not acting and therefore the matter has remained. The likelihood of recovering costs should the entity succeed are remote.	Pikitup (SOC) Ltd	10 000
A supplier is claiming in terms of non-payment for services rendered to the entity and City of Johannesburg. The matter is being defended by the entity.	City Power (SOC) Ltd	2 366
A supplier is claiming in terms of non-payment for services rendered to the entity. The matter is being defended by the entity.	City Power (SOC) Ltd	5 333
A supplier is claiming in terms of non-payment for services rendered to the entity. The matter is being defended by the entity.	City Power (SOC) Ltd	5 001
A supplier is claiming in terms of non-payment for services rendered to the entity. Arbitration has been held and the entity is awaiting award.	City Power (SOC) Ltd	5 533
A company has lodged legal action against the entity for the cancellation of contract. The potential liability is the remaining contract value at the time of cancellation. The contract with the supplier has been fully utilised therefore the supplier claim against the entity is null and void.	City Power (SOC) Ltd	-
A company has lodged legal proceedings in respect of the termination of the contracts for the upgrading of the Eldorado Park and Hopefield substation.	City Power (SOC) Ltd	69 668
A company claiming for breach of contract. Arbitration proceedings are in progress.	City Power (SOC) Ltd	24 593
A supplier is claiming for non-payment of outstanding invoices. The matter is being defended.	City Power (SOC) Ltd	27
Contact JRA/19/001 dispute where the contractor, complains of failure by the JRA to award them work notwithstanding compliance by the contractor with conditions of the contract.	Roads Agency (SOC) Ltd	-
A company rendering a service claims for the unpaid services rendered to JRA.	Roads Agency (SOC) Ltd	2 445
Dispute over the supplying and laying of asphalt where the contract was vague.	Roads Agency (SOC) Ltd	-
The application for compelling the JRA to refer the contractual disputes on payment of Preliminary and General (P&G) costs to adjudication.	Roads Agency (SOC) Ltd	1 680
The plaintiff declared a dispute following a disagreement on the quantum of penalties that the JRA is entitled to following delayed completion of the works that JRA had contracted them to do.	Roads Agency (SOC) Ltd	-
During 2018, Joburg Theatre was served with summons for an alleged breach of contract regarding the Soweto Jazz Festival. The Plaintiff in the matter sought an amount for the damages based on the alleged breach of contract. The matter is sub judice.	Joburg Theatre (SOC) Ltd	24 505

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

There are various contractual claims by suppliers/contractors against the entity. Claims are still subject to litigation and there is a provisional estimate for the entity.	City Parks NPC	5 100
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Disputes/legal claims by employees

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
The City is been sued for loss of income after an employee was unlawfully and arbitrarily removed from the COJ Attorney collection panel and the court having ordered his reinstatement, the City having failed to reinstate	CJMM	180 000
Summons served against the City on the 15th of July 2020. Claims instituted by a (Plaintiff/Employee) against the City for defamation of character. The claim emanates as a result of an alleged wrongful arrest, malicious and suspension of the plaintiff as an employee. The matter has been defended by the attorneys acting on behalf of the City. The plaintiff applied for condonation for the non-compliance of the legal proceedings against certain Organs of State Act 40 of 2002 and the City awaits the date thereof. Parties are to hold a pre-trial conference and exchange pleadings for discovery of documents, before trial date can be applied for.	CJMM	2 010
Summons served against the City on the 16th of February 2021. Claim instituted a (Plaintiff/Employee) against the City for defamation of character and unlawful arrest. The claim emanates as a result of an alleged wrongful arrest, malicious and suspension of the plaintiff as an employee. Matter is being defended by the attorneys acting on behalf of the City.	CJMM	3 500
The employees took the entity to SALGBC for unfair dismissal after termination of their services (expired contracts). The parties have submitted their papers and waiting for court dates.	Pikitup (SOC) Ltd	20 434
Alleged unfair dismissal: 10 official alleged unfair dismissal cases and 1 for unfair labour practice against Metrobus currently under consideration by the SALGBC, management is confident that the matter will be ruled in the company's favour.	Metro Bus (SOC) Ltd	-
Unfair discrimination: Two entity employees have raised a salary dispute based on current salary and potential payback from 1989 and 2013 respectively.	Metro Bus (SOC) Ltd	-
Unfair discrimination: An employee has raised a dispute for unpaid salary. The estimate is still to be determined.	Metro Bus (SOC) Ltd	-
The entity is involved in seven (7) litigation matters with employees and former employees. Three (3) of the matters are currently lodged with the SALGBC and the potential cost (which is equivalent to 1 years compensation for all 3 matters). The other four (4) matters are currently at the labour courts	Joburg Market (SOC) Ltd	5 537
An employee has applied to the Labour Court for the review and setting aside of her dismissal by JRA which was upheld by the South African Local Government Bargaining Council.	Roads Agency (SOC) Ltd	-
Unfair dismissal. The CCMA ordered the complaint be compensated but he is now approaching the Labour Court to apply for re-instatement.	Roads Agency (SOC) Ltd	-
An employee is claiming leave payout allegedly outstanding since his retirement in 2012	Roads Agency (SOC) Ltd	-
The Applicant was dismissed for theft. Following their dismissal, the Applicant referred the matter to the CCMA, for conciliation. The CCMA however issued a ruling to the effect that the matter was referred out of time consequently it could not be heard. The Applicant has since referred the CCMA's ruling for review by the Labour Court.	Roads Agency (SOC) Ltd	-
Two employees are challenging the appointment process of a Group Executive (GE) position after the employees were not appointed after contesting the position. The potential liability is the payback of GE's salary to both employees should they succeed. The matter is being defended by the entity.	City Power (SOC) Ltd	-
An employee is challenging his dismissal for gross negligence in dealing with contracts between a particular company and City Power. The employee is claiming the unpaid salary from the date of dismissal. The matter is being defended by the entity.	City Power (SOC) Ltd	-
		-
An employee is challenging his job grade. The employee is claiming the salary difference between the two grades. The employee has retired.	City Power (SOC) Ltd	-
An employee is challenging the job grading system. The employee is claiming the salary difference between the two grades. The employee was dismissed on a separate matter.	City Power (SOC) Ltd	-

Contingent Assets 2021

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
Claim instituted by the COJ and Bus Operating Company and others against an attorney who misappropriated money to be used by the operators to invest in BOC.	CJMM	11 528
Summons for the irregular issuing of clearance certificate and irregular refund payment. Matter to date has not been defended. Appearance to defend entered on the 29th of January 2019. Parties are in the process of exchange of pleadings and the matter is yet to be heard. The Attorneys on behalf of the City are attempting to trace the second defendant.	CJMM	537
Eviction of illegal occupation of Hillbrow Recreational Centre. The Social Development Department approached the Legal Department for the eviction of unlawfull occupants at Hillbrow Recreation Centr. The main application for eviction was given the date of 11 August 2021. It has a 50/50 chance of success.	CJMM	178
The entity is pursuing claims against suppliers/contractors. The potential financial benefit cannot be determined with certainty as these matters are still subject to litigations but there is a provisional estimate by the entity.	City Parks NPC	3 400
The entity is a beneficiary to a land donated from a deceased estate. The land is situated in France. The process is on-going and neither the value nor the date of transfer is currently known. Summons have been served, matter is on application for default judgements to dismiss the Defendant's Plea and grant judgement in favour of client. Defendant subsequently filed plea. Accordingly, next step is application for trial. Eviction application was brought and Court has granted the order together with costs.	City Parks NPC	-
		-
		-
The SARS matter that was disclosed as a contingent liability in the 2020 financial year has since progressed to a point where a finalisation of the audit was issued during the 2021 financial year, where SARS deemed tax, interest and penalties were payable as at 30 June 2021. A payment was paid to SARS during the financial year as a show of good faith. Based on Legal advice received by JRA, there is a possibility of success in appealing the matter in through the Alternate Dispute Resolution, and if necessary, the Tax courts and possibly the High Court should it be necessary. If JRA is successful in its appeal, the tax raised and interest as well as penalties charged will be reversed, and all payments made to SARS will be refundable to JRA.	Road Agency (SOC) Ltd	35 000
The entity has a counter claim in relation to the last bulleted item listed under contingent liabilities. The claim relates to the inverse where the entity has been over-billed for a period of 5 years in relation to a contractual agreement for the supply of metered bulk water.	Joburg Water (SOC) Ltd	34 989
Failure by service provider to perform as per JBCC Contract.	JOSHCO (SOC) Ltd	11 435
There is a claim against a supplier for breach of contract.	JOSHCO (SOC) Ltd	6 987
There is a claim against a certain company for damages suffered as result of non-performance.	JOSHCO (SOC) Ltd	14 646

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

CONTINGENCIES (2020)

GROUP

Legal Claims by residents/companies

Details of contingencies	Name of the company responsible	Estimated Amount in R'000
The Plaintiff claims to have suffered damages to the extent of lost income for the full duration of the agreement concluded with the City. Pleadings have closed and the matter is awaiting set down.	CJMM	2 640
Plaintiff brought summons against the City and Johannesburg Municipal Pension Fund for unpaid benefits. The city will enter an exception to the plea. City attorneys are filing heads of argument.	CJMM	1 432
Claim by a company for services rendered. The claim seems legitimate and City intends on entering settlement negotiations with applicant. The matter is being defended, City filed an answering affidavit raising locus standi/contractual privity alternatively that the amount claimed by the applicant is highly overstated.	CJMM	266 000
A company is claiming an amount in relation to the retention costs, termination costs, payment of the value of the work done and time related costs for the project of Bulk and storm-water at Pimville Zone. The service provider abandoned the site and claim that the City had made a calculation error and he then repudiated the contract. Notice to oppose the matter was filed by COJ.	CJMM	8 950
Claim by a resident relating to alleged damages for loss of amenity due to City approving certain land uses adjacent to the plaintiff's property.	CJMM	17 000
There is a dispute the members of SALGA Pension Fund lodged with the City of Joburg subsequent to their transfer to eJoburg pension fund. The court decided that if this matter should proceed there should be a joinder by all the affected parties.	CJMM	20 951
The Plaintiff sued the City for damages, the plaintiff's allegations arose from the City's non enforcement of the by-laws. A trial date is being awaited.	CJMM	5 800
A Company has a claim against COJ for services rendered. A trial date is being awaited.	CJMM	952
A company claim for monies to be paid by City for tickets and plaintiff also claims for loss of business. The City does not deny the money for the tickets but has a problem with a claim for loss of business by plaintiff.	CJMM	1 402
The City is been sued for loss of income after an attorney was unlawfully and arbitrarily removed from the COJ Attorney collection panel and the court having ordered his reinstatement, the City having failed to reinstate.	CJMM	180 000
An individual instituted civil claim against JMPD. In his claim he alleges that he developed an App for reporting reckless and negligent driving. On 27 March 2019 Executive Mayor launched Buya Mthetho hotline for reporting reckless and negligent driving. The plaintiff further alleges that the City unlawfully appropriated his intellectual property. The City is defending the matter. We have filed exception notice to the plaintiff summons, the plaintiff failed to reply to our notice of exception.	CJMM	162 000
Claim by company for allegedly failing to provide sufficient electricity for development after rezoning a property. The court dismissed the application and the parties agreed that the allocated time for trial was not sufficient as a result they are currently awaiting new trial date.	CJMM	6 290
Claim for an amount against the City for loss of profit as a result of an alleged diversion /permanent closure of a road next to the plaintiff's filling station. The matter was heard and judgement granted in favour of the City with. The Defendant applied for and was given leave to appeal and the City is still waiting for the appeal process to unfold.	CJMM	17 830

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Bertrams Priority Block: JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court. Progress made since 2012 - Some of the illegal occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left because of inability to meet monthly rental payments will be accommodated by the Department of Housing. Since this, no progress has been made in this matter due to ongoing negotiations for reallocations and the legal proceedings have been put in abeyance until alternate accommodation is found by the JDA and CJMM. The parties are working together to reach agreement without a protracted litigation processes. No estimated value.	Development Agency (SOC) Ltd	-
JDA has been served with summons for loss of income and damages to property by the operators of the establishment located in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The matter is now being handled by CJMM insurer attorneys. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There has been no developments since the matter was removed from the trial roll in June 2018. The plaintiff's attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution. JDA has written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.	Development Agency (SOC) Ltd	23 500
Regarding this matter, JDA disputed the matter and indicated to the Plaintiff that it was incorrectly cited as a party. The plaintiff has to date not responded to pleadings by JDA. A letter has been addressed by JDA attorneys to the plaintiff to the effect that should the entity not receive feedback from the plaintiff, JDA will continue to seek court approval to withdraw the matter.	Development Agency (SOC) Ltd	-
Grayston Pedestrian Bridge scaffolding collapse: The scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed on 14 October 2015 which resulted in the loss of life and other damages. Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry to determine the causes for the collapse of the scaffolding works. The inquiry commenced on 7 July 2016 and a Commissioner appointed by the DOL. The hearing took place and was completed. The Commissioner from the Department of Labour has concluded on the matter and the JDA is currently in the process of appealing the verdict.	Development Agency (SOC) Ltd	-
There is an application for an order to remove automatic generator installed at Asphalt Depot.	Roads Agency (SOC) Ltd	150
SARS vs JRA – SARS initiated an audit of JRA for the income tax for the years 2016 and 2017 tax years. After engagement SARS has indicated that they want JRA to pay for the outstanding income tax. However JRA has lodged an objection to this.	Roads Agency (SOC) Ltd	100 019
JRA was served a letter of demand to do work on the applicant's property which has experienced a sinkhole as a result of the storm-water drain running through his property. Estimated amount to the liability is nil.	Roads Agency (SOC) Ltd	-
Application for review to the labour court to set aside the award dated 22nd December 2018. In terms of SALGBC it found that the Applicant dismissal was procedurally substantively fair. Estimated amount to the liability is nil.	Roads Agency (SOC) Ltd	-
There is a dispute over the supplying and laying of asphalt where the contract was vague.	Roads Agency (SOC) Ltd	8 034
A respondent is opposing JRA's application to have the Public Protector's report declared unlawful and set aside.	Road agency (SOC) Ltd	2 500
There is a Way leave application for installation of CCTV cameras. Estimated amount to the liability is nil.	Roads Agency (SOC) Ltd	-
Certain various respondents made an urgent application to the high court for the underpinning, remediation and management of the stormwater infrastructure at the Muldersdrift Seloop River in Mogale City.	Roads Agency (SOC) Ltd	2 000
City Power has submitted tax returns to SARS for 2015, 2016, 2017, 2018 and 2019 financial years claiming 100% bad debt allowance. However the South African Revenue Services has approved a deduction of 25% in terms of bad debt allowances. City Power is currently continuing to claim a 100% allowance as it is appealing the decision of the Receiver. Should the appeal be unsuccessful the tax liability for the above periods would increase.	City Power (SOC) Ltd	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

The Receiver has withheld VAT refunds due to the City Power to offset against the income tax owing to the Receiver. In the event that the entity is successful in its endeavor to achieve tax exemption status or the 100% bad debt allowance the entity will receive a full refund of the amount withheld.	City Power (SOC) Ltd	464 670
A supplier has lodged legal proceedings against City Power. The claim arises from a supply chain process. The bid from a supplier was passed over to non-functioning equipment during site visits by the Bid Evaluation Committee. The supplier is appealing the judgment which was granted in favour of the entity with costs.	City Power (SOC) Ltd	90 000
A company has initiated legal proceedings against the City of Johannesburg, City Power and Johannesburg Roads Agency for an alleged violation of a patent for manhole covers. The matter is being defended and an expert was appointed by the entity to assist with the matter. The potential liability for the entity is yet to be determined.	City Power (SOC) Ltd	-
A summons was issued in favour of a customer for delictual damages. The plaintiff is claiming damages for an injury sustained when falling into a trench. The matter is defendant by the entity.	City Power (SOC) Ltd	267
SARS has disallowed wear and tear allowances claimed under section 12C and 13D for the tax years 2014, 2015 and 2016. The entity has been claiming these allowances based on written approval received from SARS in 2003. SARS indicated in its letter of disallowance that the entity is entitled to section 11E wear and tear allowances. However in the revised assessments for these years issued by SARS no deduction was afforded to the entity. This resulted in an overstatement in the amounts due for the stated tax years and consequent interest costs. The entity is challenging SARS in the Income Tax Court after failing in its endeavours to resolve the impasse prescribed by the Income Tax Administration Act.	City Power (SOC) Ltd	1 237 883
Debt restructuring: During the debt restructuring process, management identified that there could be potential tax issues that could arise from the debt restructuring process. Management also identified certain potential issues in so far as it related to income tax. Management is in the process of assessing this and determining appropriate way forward.	Metro Bus (SOC) Ltd	-
A public liability claim from the lawyers of a customer after she fell in to the orchestra pit. The customer's attorneys claim that the incident was caused due to negligence by Joburg Theatre. The matter has gone to court and JCT is awaiting an outcome.	Joburg Theatre (SOC) Ltd	9 020
The estimated claim excludes legal costs and the entity is of the view that this represents the maximum exposure. Dispute with a customer who sustained injuries in an accident involving a forklift of an agent.	Joburg Market (SOC) Ltd	4 020
The estimated claim excludes legal costs and the entity is of the view that this represents the maximum exposure. Dispute with a customer who slipped on a peel of lettuce on the premises of the entity and sustained injuries.	Joburg Market (SOC) Ltd	1 780
A certain company has a damage claim for loss of income at Randburg Silkirk for fence demolition against JOSHCO.	JOSHCO (SOC) Ltd	653
Disputes with a certain company relating to security services	JOSHCO (SOC) Ltd	28
Disputes with a certain company relating to recruitment services	JOSHCO (SOC) Ltd	264
A company is claiming for interest on overdue professional account and legal fees.	JOSHCO (SOC) Ltd	157
A company is claiming for legal fees from claim for construction work done on the Casa Mia refurbishment project.	JOSHCO (SOC) Ltd	378
The plaintiff claims that it had under-billed the entity for a 5 year period in relation to a contractual agreement for the supply of metered bulk water. The matter is at arbitration. The entity submitted its plea and discovery affidavit and the matter awaits further submissions by the plaintiff. The plaintiff has not yet submitted its reply to the entity's plea. Each party bears its own cost for the arbitration and share costs for recordings, venue and arbitrator's costs.	Joburg Water (SOC) Ltd	74 427

Contractual Disputes with service providers

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

The City was sued for breach on 12 December 2014. The matter was finalised in 2016. On or about the 12th September 2018, the applicant served an Application for leave to appeal the judgement. The Application for leave to appeal was heard on the 13th of November 2018, in which the Judge granted the applicant the leave to appeal. The City is opposing the appeal.	CJMM	1 667
There is a claim for breach of contract for the provision of goods. As at the 16 October 2018 the parties are exchanging pleadings.	CJMM	11 307
There is a claim for monetary payment for a breach of contract for the stated amount and a claim for immediate specific performance as per the agreement. Parties are exchanging pleadings.	CJMM	340
The estimated claim excludes legal costs and the entity is of the view that this represents the maximum exposure. Dispute with service provider due to a utility cost analysis project that was suspended as a result of an invalid tender award. The directors are of the opinion that the case can be successfully defended by the entity.	Joburg Market (SOC) Ltd	792
The plaintiff is claiming monies for services rendered which it is alleged Pikitup has not paid. The likelihood of recovering legal costs should the entity succeed are remote.	Pikitup (SOC) Ltd	334
The plaintiff is claiming that his former company contracted with the entity and alleges that the entity is in breach of the contract by failing to pay for the equipment purchased by the plaintiff in fulfilment of the contract. The said company is liquidated. The plaintiff in this matter is not acting and therefore the matter has remained. The likelihood of recovering costs should the entity succeed are remote.	Pikitup (SOC) Ltd	10 000
A supplier is claiming in terms of non-payment for services rendered to the entity. The matter is being defended by the entity.	City Power (SOC) Ltd	8 700
A supplier is claiming in terms of non-payment for services rendered to the entity and City of Johannesburg. The matter is being defended by the entity.	City Power (SOC) Ltd	2 366
A supplier is claiming in terms of non-payment for services rendered to the entity. The matter is being defended by the entity.	City Power (SOC) Ltd	5 333
A supplier is claiming in terms of non-payment for services rendered to the entity. The matter is being defended by the entity.	City Power (SOC) Ltd	5 001
A supplier is claiming in terms of non-payment for services rendered to the entity. Arbitration has been held and the entity is awaiting award.	City Power (SOC) Ltd	5 533
A supplier has lodged legal action against the entity for the cancellation of contract. The potential liability is the remaining contract value at the time of cancellation.	City Power (SOC) Ltd	-
A company has lodged legal proceedings in respect of the termination of the contracts for the upgrading of the Eldorado Park and Hopefield substation.	City Power (SOC) Ltd	69 668
JHB Housing Company withdrew legal action against the entity on 10 March 2020. The dispute relates to the entity's inability to provide additional electricity capacity available for a new electricity connection.	City Power (SOC) Ltd	-
Contact JRA/19/001 dispute where the contractor complains of failure by the JRA to award them work notwithstanding compliance by the contractor with conditions of the contract.	Roads Agency (SOC) Ltd	43 444
Two service providers both applied twice for an interdict to prevent JRA from terminating part of their Cleaning contract due to the in sourcing of the cleaners.	Roads Agency (SOC) Ltd	200
During 2018, Joburg Theatre was served with summons for an alleged breach of contract regarding the Soweto Jazz Festival. The Plaintiff in the matter sought an amount for the damages based on the alleged breach of contract. The matter is sub judice.	Joburg Theatre (SOC) Ltd	24 505
There are various contractual claims by suppliers/contractors against the entity. Claims are still subject to litigation and there is a provisional estimate for the entity.	City Parks NPC	5 100
The plaintiff claims that the concluded written agreement for the replacement of advertising services was breached by the entity by failing to make payment. The plaintiff raised an exception to the entity's plea and both the plaintiffs and the entity's heads of arguments were served by the date of reporting. If the court finds in favour of the entity and cost order is issued, recovery of legal fees will be pursued.	Joburg Water (SOC) Ltd	2 006
The plaintiff claim relates to alleged failure to reimburse the first plaintiff with reasonable costs for the upgrade and repair of water infrastructure. The alternative claim relates to a claim for enrichment in the same amount. The matter is held in abeyance by the plaintiffs and the entity is not aware of any trial date. If the court finds in favour of the entity and cost order is issued, recovery of legal fees will be pursued.	Joburg Water (SOC) Ltd	5 487

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Disputes/legal claims by employees

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
The employees took the entity to SALGBC for unfair dismissal after termination of their services (expired contracts) during the current financial year. The entity intends to review arbitration award granted after commissioner ruled in favour of employees.	Pikitup (SOC) Ltd	20 434
The employee took the entity to SALGBC for unfair dismissal after termination of the employee's services. The opposing papers have been lodged and awaiting the employee to set the matter down. The likelihood of recovering the costs from the applicants are remote.	Pikitup (SOC) Ltd	2 824
Alleged unfair dismissal: 10 alleged unfair dismissal cases against Metrobus currently under consideration by the SALGBC. Management is confident that awards in this regard will be in favor of Metrobus.	Metro Bus (SOC) Ltd	-
Claim for defamation: A matter related to an ex-employee filing a defamation claim against three current employees of Metrobus who testified in the disciplinary case which resulted in the ex-employee's dismissal are underway. Management is confident that a judgment will be made in favor of Metrobus and the current employees.	Metro Bus (SOC) Ltd	-
Unfair discrimination: Two entity employees have raised a salary dispute based on current salary and potential payback from 1989 and 2013 respectively.	Metro Bus (SOC) Ltd	-
Unfair discrimination: An employee has raised a dispute for unpaid salary. The estimate is still to be determined.	Metro Bus (SOC) Ltd	-
Unfair labour practice: After the recruitment process for managing director the board resolved to recommend a certain candidate. The recommendation was not approved by the shareholder and the candidate declared a dispute. The employee might compel Metrobus to pay damages.	Metro Bus (SOC) Ltd	-
The entity is involved in four (4) litigation matters with employees and former employees. Three (3) of the matters are currently lodged with the SALGBC and the potential cost of settlement is equal to 1 years compensation for all 3 matters.	Joburg Market (SOC) Ltd	1 505
Unfair dismissal. The CCMA ordered the complaint be compensated but he is now approaching the Labour Court to apply for re-instatement.	Roads Agency (SOC) Ltd	16
Two employees are challenging the appointment process of a Group Executive (GE) position after the employees were not appointed after contesting the position. The potential liability is the payback of GE's salary to both employees should they succeed. The matter is being defended by the entity.	City Power (SOC) Ltd	-
An employee is challenging his dismissal for gross negligence in dealing with contracts between Sergei and City Power. The employee is claiming the unpaid salary from the date of dismissal. The matter is being defended by the entity.	City Power (SOC) Ltd	-
An employee is challenging his dismissal for gross negligence in dealing with contracts between Setheo and City Power. The employee is claiming the unpaid salary from the date of dismissal. The matter is being defended by the entity.	City Power (SOC) Ltd	-
An employee is challenging his job grade. The employee is claiming the salary difference between the two grades. The matter is being defended by the entity.	City Power (SOC) Ltd	-
An employee is challenging the job grading system. The employee is claiming the salary difference between the two grades. The matter is being defended by the entity.	City Power (SOC) Ltd	-

Contingent Assets 2020

Detail of contingencies	Name of the company responsible	Estimated Amount in R'000
Claim relating to summons issued against a certain company. The defendant has raised an issue that the City is not entitled to that money and has asked the court to declare that section of the By-Laws to be null and void. Pleadings are closed. Pre-Trial has been held. Instructed attorneys to set the matter down and revert with allocated date.	CJMM	1 698
Claim instituted by the COJ and Bus Operating Company and others against an attorney who misappropriated money to be used by the operators to invest in BOC.	CJMM	11 528

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

The City submits that it overpaid a company in another contract. Pleadings are still being exchanged between the parties regarding this matter. Refer to provisions for the details of this case	CJMM	70 000
Summons for the irregular issuing of clearance certificate and irregular refund payment. Matter to date has not been defended. Appearance to defend entered on the 29th of January 2019. Parties are in the process of exchange of pleadings and the matter is yet to be heard. The Attorneys on behalf of the City are attempting to trace the second defendant.	CJMM	537
The entity is pursuing claims against suppliers/contractors. The potential financial benefit cannot be determined with certainty as these matters are still subject to litigations but there is a provisional estimate by the entity.	City Parks NPC	3 400
The entity is a beneficiary to a land donated from a deceased estate. The land is situated in France. The process is on-going and neither the value nor the date of transfer is currently known.	City Parks NPC	-
Matter relates to erection of a cellphone mast in a public open space. Costs are expected to be recovered.	City Parks NPC	-
Cancellation of the long term lease agreement in one of the entity's cemeteries. Costs are expected to be recovered.	City Parks NPC	-
Spoliation application against entity with regards to the erection of a cell mast.	City Parks NPC	-
Failure by service provider to perform as per JBCC Contract.	JOSHCO (SOC) Ltd	11 000
There is a claim against a supplier for breach of contract.	JOSHCO (SOC) Ltd	7 000
There is a claim against a certain company for damages suffered as result of non-performance.	JOSHCO (SOC) Ltd	13 926
The entity has a counter claim in relation to the last bulleted item listed under contingent liabilities. The claim relates to the inverse where the entity has been over-billed for a period of 5 years in relation to a contractual agreement for the supply of metered bulk water.	Joburg Water (SOC) Ltd	34 989

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

47. PRIOR-YEAR ADJUSTMENTS

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

Statement of financial position

GROUP

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	1	1 073 741	(33 391)	1 040 350
Receivables from non-exchange transactions	1	562 350	(4 884)	557 466
VAT receivable	2	412 359	3 646	416 005
Consumer debtors	3	6 842 500	(712 351)	6 130 149
Property, plant and equipment	4	76 185 573	(337 890)	75 847 683
Intangible assets	4	1 139 919	43 714	1 183 633
Payables from exchange transactions	5	(11 898 231)	38 840	(11 859 391)
Provisions	5	(1 285 249)	114 547	(1 170 702)
Other statement of financial position items		(17 262 651)	16 393	(17 249 178)
Accumulated Surplus		(55 770 311)	871 376	(54 896 015)
		-	-	-

CJMM

	Note	Correction of error
CJMM- Trade and other receivables		(4 884)
CJMM_ Receivables from non-exchange transactions		(60 440)
CJMM- Property, plant and equipment		(229 593)
CJMM- Intangible Assets		48 870
CJMM- Heritage Assets		1 390
CJMM- Trade and other payables		139 433
CJMM- Accumulated Surpluses 2019/20 Opening Balance		16 865
		(88 359)

Statement of financial performance

GROUP

	Note	As previously reported	Correction of error	Restated
Rendering of services	6	29 898 384	(416 084)	29 482 300
Employee related costs	7	(14 793 850)	433 126	(14 360 724)
Depreciation and amortiation	4	(3 255 914)	(109 765)	(3 365 679)
Other Statement of financial performance items		(8 172 831)	(447 815)	(8 620 646)
		-	-	-
Surplus (deficit) for the year		3 675 789	(540 538)	3 135 251

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

CJMM

	Note	Correction of error
CJMM- Impairment losses		(7 977)
CJMM- Depreciation and amortisation		123 581
CJMM- General expenses		4 950
CJMM -Debt impairment and write off		45 000
CJMM - Finance		(45 000)
CJMM - Employee related costs		(32 195)
Surplus for the year		88 359

Notes to the Group Annual Financial Statements

GROUP & CJMM- Management provides explanations for prior period adjustments which are considered material:

1. Receivables from exchange and non-exchange transactions

The City of Johannesburg Metropolitan Municipality has recalculated the accrual value in relation to the previous financial periods which lead to lead to reinstatement of receivables balances. This has been accounted for as a prior period adjustment accordingly. The adjustment relates to the correction made in respect of receivable which did not meet recognition criteria .

2. VAT Receivables

Restatement in the vat control account is a result of increase in input VAT on credit notes processed against revenue incorrectly billed to tenants occupying municipal buildings.

3. Consumer Debtors

Restatement is as a result of correction of billing based on the queries raised by customers. In this regard, management is introducing better controls around revenue management to enable revenue forecasting and improve revenue predictability, accuracy and completeness.

4. Property, plant and equipment; Intangible assets; and Depreciation and amortisation

This relates to the correction of assets capitalised in the current year which were available for use in prior years. This error had an impact on depreciation and therefore affecting the carrying amount of fixed assets.

5. Payables from exchange and Provisions

The payables from exchange transactions have been restated relating to tax payable. The amount is correctly reported as payables from non-exchange transactions.

6. Rendering of service

The City of Johannesburg Metropolitan Municipality has recalculated the accrual value in relation to the previous financial periods and these transactions resulted in the adjustments to revenue for previous financial periods.

7. Employee related costs

Annual leave schedule relating to insourced securities and cleaners were reconciled during the current financial period, and it also affected the amounts which were previously reported in the previous financial periods..

Notes to the Group Annual Financial Statements

Figures in Rand thousand

48. RISK MANAGEMENT

Capital risk management

Portfolio 1 Overview

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

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

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

To ensure the execution of and compliance to overall risk management policies and guidelines, CJMM plays a focal role in:

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

The City, identifies, quantifies and sets up control measures to mitigate financial risks to an acceptance level.

Financial risk management

The Risk Management Framework serves to raise awareness, inform and guide the City on its approach to risk management. The framework, which is reviewed on a continuous basis in line with best market practices, seeks to assist the City in the effective identification, evaluation and control of financial risks that may impact service delivery objectives.

Council has overall responsibility for establishing and exercising oversight over CoJ's risk management framework. The CFO's forum is responsible for developing and monitoring the CoJ's financial risk management policies.

The City's overall financial risk management strategy focuses on addressing the unpredictability of financial markets and seeks to minimize potential adverse effects on the CoJ's financial performance. The City recognizes that an effective risk management function is fundamental to its operations. Risk awareness, control and compliance are embedded in Group Treasury's day-to-day activities.

Price risk

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

The City actively mitigates financial risks that may arise due to changes in the market environment.

Portfolio 1 Overview

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

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

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

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

The City, identifies, quantities and sets up control measures to mitigate financial risks to an acceptance level.

Financial Risk Management Framework

The Risk Management Framework serves to raise awareness, inform and guide the City on its approach to risk management. The framework, which is reviewed on a continuous basis in line with best market practices, seeks to assist the City in the effective identification, evaluation and control of financial risks that may impact service delivery objectives.

Council has overall responsibility for establishing and exercising oversight over CoJ's risk management framework. The CFO's forum is responsible for developing and monitoring the CoJ's financial risk management policies.

The City's overall financial risk management strategy focuses on addressing the unpredictability of financial markets and seeks to minimize potential adverse effects on the CoJ's financial performance. The City recognizes that an effective risk management function is fundamental to its operations. Risk awareness, control and compliance are embedded in Group Treasury's day-to-day activities.

Liquidity and Concentration Risk

Liquidity Risk, refers to the risk that CoJ may not meet its short term obligations when they fall due. Management of liquidity risk is particularly important as it ensures that capital and operating expenditures are met. The City manages both long-term and short-term cash requirements, with surplus funds from operations being invested in short term money market instruments.

Long-term liquidity risks arising from capital project initiatives are managed through issuance of long-term debt in the form of CoJ bonds or long term loans or a combination of the two. Both Short and Long term borrowings are done as per Council approved funding plan.

The table below indicates approved facilities as at the end of June 2021:

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Details	Approved Funding R'000	Total Utilised R'000	Repaid R'000
Short-Term Borrowings			
Short term Borrowings	3 000 000	-	-
Long-Term Borrowings			
Long term borrowing	3 000 000	1 500 000	-
Total	6 000 000	1 500 000	-

Short-term liquidity constraints are managed through two types of short-term funding methods:

i) General Banking Facilities (overdraft); and

ii) Commercial Paper Issuance.

The City ensures that all short term facilities utilized within the financial year are paid before the end of the financial year in compliance with Section 45(4) (a) - of the MFMA. A cash management process for managing short-term cash flows and cash balances in a cost-effective manner is in place. The cash management process assists the City in managing its liquidity risk through the use of cash flow projection models with the aim of minimizing variances between projected and actual cash usage. The City has signed a loan agreement with the DBSA in the 2020/21 financial for a total of R 1.5bn.

The City realizes that liquidity risk is also linked to concentration risk which is defined as the probability of high cash outflows arising from concentration of debt obligations payable around the same period. If not properly managed, concentration risk can lead to default risk.

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Capital Redemption Analysis of Non Derivative Liabilities as at 30 June 2021

Class	Due in less than a year R'000	Due in one to two years R'000	Due in two to three years R'000	Due in three to four years R'000	Due in four to five years R'000	Due in more than five years R'000
Floating Rate Loans	419 401	419 401	419 401	419 401	419 401	3 842 241
Fixed Rate Loans	889 340	3 066 999	2 092 689	663 367	2 388 512	8 523 013

Maturity Analysis of Investments

The table below shows the maturity profile of investments as at 30 June 2021

Investment type	Due in less than a year R'000	Due in one to two years R'000	Due in two to three years R'000	Due in three to four years R'000	Due in four to five years R'000	Due in more than five years R'000
Call Deposits	2 082 621	-	-	-	-	-
Short Term Investments	200 300	-	-	-	-	-

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices which affect CoJ's income or the value of its financial instruments. The objective is to manage and control market risk exposures to be within acceptable risk parameters, while optimizing service delivery objectives. Interest rate risk is the main category of market risk which affects the City.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Interest rate risk

This refers to the risk that the value of a financial instrument will change due to a change in

- i) the absolute level of interest rates;
- ii) in the spread between two rates;
- iii) in the shape of the yield curve or in any other interest rate relationship.

CJMM's floating rate liabilities are exposed to interest rate risk in terms of both cash flow and fair values.

The South African Reserve Bank has reduced the repo rate – the interest rate at which the SARB lends to big commercial banks in South Africa, by 300 basis points reducing the repo rate to 3.5%. This will impact the interest rates that the commercial banks charge to their clients i.e., softening the impact of COVID 19 on COJ. The SARB has also introduced other mechanisms to provide liquidity and stabilise markets. The mechanisms include SARB entering the short-term funding markets, by providing additional liquidity in exchange for repurchase agreements for maturities of up to 12 months. They have also purchased government bonds in the secondary market.

Interest Rate Fair Value Sensitivity Analysis for Floating Rate Liabilities.

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

- The base case interest rate is at current levels (0%)
 - A range of values between two upward percent and one downward percent movement in interest rates.
- Management generally expects interest rates to rise in the future.

Fair value sensitivity to the interest rate movement/shift for Floating Rate Loans R'000

Class	Fair Value	-1%	-0.50%	0	0.50%	1%	1.50%	2%
Floating Rate Loans	7 165 179	6 892 998	7 029 081	7 165 154	7 200 534	7 277 510	7 354 149	7 505 876

Fair Value Sensitivity Analysis of Variable Rate Liabilities

The fair value sensitivity analysis of floating rate liabilities shows that a 1 percent increase in interest rates will increase the fair value by approximately R112 million, and a 1 percent decrease in interest rates will decrease the fair value by approximately R273 million.

Interest Rate Cashflow Sensitivity Analysis

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

- The base case interest rate is at current levels (0% changes)
- A two percent upward and one percent downward movement in interest rates.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Cash flow sensitivity analysis

Loan name	Institution	Nominal	Issue date	Cash Flow	Rate	Rate option	Interest rate shift						
							-1%	-0.50%	0%	0.50%	1%	1.50%	2%
DBSA 103345-1	DBSA	345 000	20 Aug-09	31-Dec-21	3 months JIBAR + 2.96%	Floating	22 332	22 933	23 535	24 137	24 738	25 340	34 476
		-		30-Jun-22			21 532	22 093	22 654	23 215	23 776	24 337	32 551
		-		31-Dec-22			21 826	22 355	22 884	23 414	23 943	24 472	32 886
		-		30-Jun-23			21 838	22 321	22 805	23 288	23 772	24 255	32 544
		-		31-Dec-23			21 851	22 305	22 759	23 212	23 666	24 120	32 332
DBSA 102761-1	DBSA	300 000	17-Apr-09	31-Dec-21	6 months JIBAR + 2.85%	Floating	18 909	19 441	19 980	20 516	21 052	21 587	22 123
				30-Jun-22			18 165	18 661	19 157	19 653	20 149	20 645	21 140
				31-Dec-22			18 490	18 963	19 436	19 908	20 381	20 853	21 326
				30-Jun-23			18 541	18 975	19 409	19 843	20 277	20 711	21 145
				30-Dec-23			18 595	19 005	19 414	19 824	20 234	20 643	21 053
DBSA 2020-1,5	DBSA	1 500 000	15-Jun-20	31-Dec-21	6 months JIBAR + 4.78%	Floating	103 164	106 693	110 222	113 751	117 279	120 808	124 337
				30-Jun-22			100 289	103 637	106 984	110 331	113 678	117 026	120 372
				31-Dec-22			103 330	106 607	109 884	113 160	116 437	119 714	122 990
				30-Jun-23			104 309	107 408	110 508	113 607	116 706	119 806	122 905
		-		30-Dec-23			105 899	108 924	111 949	114 973	117 998	121 023	124 047
DBSA 2020_1,48	DBSA	1 480 000	15-Jun-20	31-Dec-21	6 months JIBAR + 4.78%	Floating	92 069	95 641	99 212	102 784	106 355	109 927	113 498
				30-Jun-22			89 497	92 919	96 340	99 761	103 182	106 603	110 024
				31-Dec-22			93 166	96 550	99 934	103 318	106 702	110 086	113 470
				30-Jun-23			94 765	98 002	101 238	104 475	107 711	110 948	114 184
				31-Dec-23			97 114	100 311	103 507	106 704	109 900	113 096	116 293
				30-Jun-24			97 568	100 637	103 706	106 775	109 844	112 913	115 981
DBSA 2021_1,5	DBSA	1500000	30-Jun-21	30-Sep-21	6 months JIBAR + 4.65%	Floating	50 445	52 335	54 226	54 226	56 116	58 007	59 897

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

				31-Dec-21			50 028	51 887	53 746	53 746	55 605	57 464	59 323
				30-Jun-22			50 159	51 946	53 734	53 734	55 522	57 309	59 097
				31-Dec-22			50 887	52 663	54 440	54 440	56 216	57 992	59 767
				30-Jun-23			52 233	53 997	55 762	55 762	57 526	59 290	61 055
Nedbank	NEDBANK	1349726	21-Jun-19	21-Sep-20	6 months JIBAR + 2,08%	Floating	35 607	37 081	38 556	40 030	41 504	42 978	44 452
\							35 215	36 645	38 076	39 506	40 936	42 366	43 796
							36 702	38 104	39 506	40 909	42 311	43 713	45 115
							42 570	43 944	45 318	46 692	48 066	49 440	50 814

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Estimation of Fair Values

The fair value of financial instruments (for example, trading & available for sale securities, or over-the counter derivatives) is based on quoted market prices at the balance sheet date, or determined by using valuation techniques.

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

To determine the fair values of floating rate instruments, the City uses market forward rates to estimate future interest and capital cash flows, and then utilizes its credit curve to calculate present values.

Fair Value Hierarchy

In terms of GRAP 104, paragraph .118 and .119 there are different levels of fair values based on the extent that quoted prices are used in the calculation of the fair value. The fair value hierarchy applies to instruments reported at fair value on the statement of financial position.

Level 1: Fair value are based on quoted prices (unadjusted) in an active market for identical financial instruments.

Level 2: Fair values are calculated using valuation techniques based on observable inputs either directly or indirectly other than level 1 inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This category uses inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

Credit/Counterparty Risk

The City invest surplus funds with financial institutions for yield enhancement purposes. The credit limit exposure table below depicts all investments with various counterparties as at 30 June 2020.

COUNTERPARTY CLASS	Approved Limit	Operational		Ring-fenced		Total Exposure	Available for use	Percentage Utilised
		Call Deposits	Fixed Deposits	Call Deposits	Term Deposits			
Domestic Banks	1 925 388	-	-	154 456	200 300	2 280 144	4 957 356	32 %
International Banks	2 778	-	-	-	-	2 778	1 047 222	- %
	1 928 166	-	-	154 456	200 300	2 282 922	6 004 578	32 %

Portfolio 2

Introduction and overview

The City has established a sinking fund to redeem its long term borrowings including listed bonds and other bilateral loans. The City is currently in the process of appointing a new fund manager to manage portfolio on behalf of the City.

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

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Risk Management Framework

Credit Risk

Credit Risk is the risk that counterparty in a financial instrument will fail to discharge an obligation or commitment that it has entered into with the fund, resulting in a financial loss to the fund.

As at 30 June 2021, the fund's investments were in the following instruments:

Assets	Fair Value R'000
Government bonds	1 105 693
Swaps	224 357
Amort Swaps	56 226
Cash	1 388 047
	-
	-
	-
	-
	-
	-

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is also a risk that the fund will not deliver upon its mandate.

The fund's liquidity risk is managed on a daily basis by the fund manager. The fund's overall liquidity is reported in the risk committee report on a quarterly basis.

Maturity analysis for financial instruments

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

Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Settled Bond Assets	1 105 693	-	-	716 562	-	201 403	187 728
Swap Assets	280 583	-	-	56 226	-	-	224 357
Cash Assets	1 388 045	1 388 045	-	-	-	-	-
	2 774 321	1 388 045	-	772 788	-	201 403	412 085

Market Risk

The fund's market risk is managed on a daily basis.

Interest rate risk sensitivity analysis

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

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

Fair Value Sensitivity Analysis

Asset Class	Fair Value Sensitivity to the interest rate movement/shift						
	R'000s -1%	R'000s -0.5%	R'000s 0	R'000s 0.5%	R'000s 1%	R'000s 1.5%	R'000s 2%
Bonds	1 116 998	1 103 243	1 105 693	1 070 050	1 054 215	1 038 853	1 023 942
IRS	265 897	269 210	280 583	274 920	277 353	279 527	281 457
Cash	1 388 045	1 388 045	1 388 045	1 388 045	1 388 045	1 388 045	1 388 045
Net	2 770 940	2 760 498	2 774 321	2 733 015	2 719 613	2 706 425	2 693 444

Operational risk

Operational risk is the risk of loss arising from failures in processes, technology and infrastructure supporting the fund's activities.

Mechanisms to mitigate operational risk include the following:

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

The City has redeemed listed bond COJ 07 that matured in March 2021 using the Sinking Fund assets to fully redeem R850m

Valuation of financial instruments

The Fund measures fair values using the following fair value hierarchy:

- **Level 1:** Fair values of financial assets and financial liabilities are traded in active markets are based on quoted prices or dealer prices.
- **Level 2:** The fund uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, or estimation. Observable prices and model inputs are usually available in the market for listed debt, exchange like interest swaps like use only observable market data and require little management judgement and/traded derivatives exchange and simple over the counter derivatives like interest rate swaps.

The table below analyses financial instruments measured at fair value as at 30 June 2021

30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Bonds	1 105 693	-	-	1 105 693
Interest Rate Swaps	-	224 357	-	224 357
Armort swap	-	56 226	-	56 226
Current Account	1 388 045	-	-	1 388 045
	2 493 738	280 583	-	2 774 321

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

49. Fruitless and wasteful expenditure

Opening balance as previously reported	478 601	428 543	134 194	114 758
Opening balance as restated	478 601	428 543	134 194	114 758
Add: Expenditure identified - current	184 421	67 925	11 380	25 172
Add: Expenditure identified - prior period	2 066	5 929	-	-
Less: Amounts recoverable - current	(23)	(2 183)	-	(2 183)
Less: Amount written off - current	(2 929)	(21 391)	-	(3 553)
Reversals	(1 369)	(222)	-	-
Closing balance	660 767	478 601	145 574	134 194

The fruitless and wasteful expenditure disclosed in the opening balance is currently under investigation. Pending the results of the investigation this figure might be condoned or recovered in the next financial year.

Written-off

- The fruitless and wasteful expenditure written off is based on Council approval after a committee investigated and concluded to certify expenditure of R2 929 000 as irrecoverable.

Reversals

- Service providers at JRA (R1 000), Water (R1 366 000) and MTC (R2 000) reversed interest charged that was previously classified as fruitless and wasteful expenditure.

Fruitless and wasteful expenditure current year

The following are the incidents that caused the Fruitless and wasteful expenditure identified in the 2021 financial year:

Description of the incident	Entity/Department	Amount (R'000)
CJMM Departments	CJMM	11 380
JFPM	JFPM	2071
Interest charged on late payments and penalties - SARS	JRA	28 449
Interest charged on overdue balances - ESKOM	JRA	21
Interest payable to SARS	POWER	6 202
Interest on late payments	POWER	534
Locksmith services	POWER	3
Impairment of property, plant and equipment	POWER	121 831
Interest charged due to delayed release of retention	Joburg water	216
Interest on overdue accounts	PARKS	10
Penalties on TV Licences	PARKS	2
Stolen cellphones	PARKS	206
Office accommodation	JPC	15 084
Acting allowances	JPC	165
Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts	JPC	7
Board members in the employ of the state	JPC	270
Interest on overdue accounts	MTC	36
		-
		186 487

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

50. UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure

Opening balance	3 637 610	4 389 636	2 851 630	4 226 334
Unauthorised expenditure current year	1 199 590	682 146	1 003 250	59 468
Written off by council	(48 370)	(1 434 172)	-	(1 434 172)
	4 788 830	3 637 610	3 854 880	2 851 630

Unauthorised expenditure incurred in 2021 financial year relates to the following:

Name of Vote	Amount
CJMM	1 003 250
MBUS	3 500
JRA	44 294
JOSHCO	38 907
PIKITUP	102 480
CITY Power	193
Market	6 966
TOTAL	1 199 590

Over expenditure on the operating budget for 2020/21 mainly results from non-cash items such as debt impairment, depreciation and interest on overdraft bank accounts.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

51. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Skills development levy

Opening balance	13 677	6 705	13 321	5 604
Current year subscription / fee	107 823	120 735	27 082	74 718
Amount paid - current year	(99 797)	(106 986)	(26 016)	(61 397)
Amount paid - previous years	(309)	(6 777)	-	(5 604)
	21 394	13 677	14 387	13 321

Audit fees

Opening balance	-	(254)	-	1 079
Current year audit fee	67 669	65 726	70 973	26 311
Amount paid - current year	(66 282)	(65 472)	(64 179)	(27 390)
Amount paid - previous years	(528)	-	-	-
	859	-	6 794	-

PAYE and UIF

Opening balance	124 899	134 993	100 741	111 933
Current year payroll deductions	2 512 418	2 280 868	1 591 963	1 420 953
Amount paid - current year	(2 361 579)	(2 156 816)	(1 465 917)	(1 320 212)
Amount paid - previous years	(123 789)	(134 146)	(100 741)	(111 933)
	151 949	124 899	126 046	100 741

Pension and Medical Aid Deductions

Opening balance	321 718	208 781	181 312	150 475
Current year payroll deductions and Council contributions	3 450 064	3 080 882	2 290 809	2 055 467
Amount paid - current year	(3 253 821)	(2 816 046)	(2 096 162)	(1 874 155)
Amount paid - previous years	(198 465)	(151 899)	(181 312)	(150 475)
	319 496	321 718	194 647	181 312

VAT

VAT receivable	435 165	416 006	165 475	123 613
VAT payable	(197 345)	(45 997)	-	-
	237 820	370 009	165 475	123 613

VAT output payables and VAT input receivables are shown in note 9.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021. All amounts are disclosed in Rands and are not rounded to the nearest thousand.

30 June 2021	Outstanding less than 90 days Rands	Outstanding more than 90 days Rands	Total Rands
Dewes DS	12 252	3 038	15 290
DYODO & FB MAKHAYA	1 714	487	2 201
Mazibuko MM	6 466	2 083	8 549
Ngcana S	5 201	-	5 201
Shuda JK	5 527	932	6 459
Christians PV&A	12 184	3 195	15 379
Thaga MZ	7 075	2 433	9 508
Ngwenya ML	18 357	6 548	24 905
Tlale MZ	11 871	2 015	13 886
Van Wyk W	9 172	2 504	11 676
Dewes DS	66 800	17 171	83 971
Netnow DM	17 747	5 784	23 531
	174 366	46 190	220 556

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2020. All amounts are disclosed in Rands and are not rounded to the nearest thousand.

30 June 2020	Outstanding less than 90 days Rands	Outstanding more than 90 days Rands	Total Rands
Dewes DS	29 986	39 101	69 087
Molete B	-	312 773	312 773
ECHEOZONJOKU	11 124	166 271	177 395
Mnisi	2 733	33 596	36 329
Ngwenya ML	5 386	19 453	24 839
Ngwenya ML	22 672	101 834	124 506
Christians PV&A	12 391	10	12 401
Hlomendlini IN	1 299	278	1 577
Thale MZ	1 386	204	1 590
Homer RL&C	10 675	124	10 799
	97 652	673 644	771 296

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

52. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

During the year under review the municipality gave the following award to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state for the previous twelve months

Name of the person (Service of the State)	Name of the person (entity receiving award)"	Capacity in which that person is in the service of the state	Amount in R'000
Hervor Doreen Ncumisa Mehana	Sizwe Africa IT Group Pty Ltd	Manager: Clinic	4
Zama Roseanne Nyawo	Zamanguni Automation	Snr Legal Advisor	3 882
Semakaleng Matome Mzobe	Mreabetse Trading	Professional Nurse	26
Clive September	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another Daughter employed by the City of Cape town as a Project Administrator	656
Nokuthula Sedumedi	Threshold Project Manager	Wife is employed by DBSA and sister employed by SAA	1 840
CAJ Van Coille	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 053
Lumko Sidwell Mhlauli	Lukhozi Consulting Engineers	Wife employed by Office of the Premier	1 738
CAJ Van Coille	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 885
CAJ Van Coille	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 860
Ridwaan Bhana	Ikemeng Architects	Spouse employed at Gauteng Provincial Infrastructure Development	1 017
Lizelle Blignaut	Bowmans	Father, Jan van den Heuvel employed by Department of Justice	1 280
Cobin Beukes	Bergstan	Spouse works for the Department of Social Services	1 013
Elsie Bester	KWP Create	Spouse works for the Department of Transport	338
Nadira Andhee	Piston Power Chemicals (Pty) Ltd	directors has a spouse who is in the service of the state	713

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

53. Irregular expenditure

Opening balance as previously reported	8 743 984	7 159 791	4 488 488	3 509 209
Add: Irregular Expenditure - current	2 633 507	3 105 187	1 118 009	965 558
Add: Irregular Expenditure - prior period	250 305	191 256	-	80 000
Less: Amount written off - current	(453 915)	(1 712 250)	(8 911)	(66 279)
Closing balance	11 173 881	8 743 984	5 597 586	4 488 488

Group 2021

Description of the incident	Entity	Amount in R'000
Expenditure in respect of prior year contract identified as irregular	CJMM	970 520
Contracts identified as irregular in the current year	CJMM	147 489
Appointment of a supplier who did not meet mandatory requirements	POWER	2 096
Irregular expenditure not disclosed (2180 GS)	POWER	5 049
Appointment of a supplier who did not meet mandatory requirements	POWER	2 595
Work without a contract (Easypay, Cigicell, Contour)	POWER	44 501
Supply and repair of ICT hardware & accessories	POWER	4 640
Removal of illegal connections and meter audits	POWER	7 117
Maintenance of DC systems	POWER	1 247
Supply, installation and commissioning of optic fibre	POWER	13 871
Contract extension after expired date (F&J Electrical & Machite Engineering)	POWER	22 661
Turnkey solutions for Electrification projects	POWER	140 093
Labour contract declared null and void by court	POWER	610 362
Fleet contract extended by City of Johannesburg	POWER	90 557
Security contract extension	POWER	68 926
Emergency procurement due to lack of SLA	POWER	70
Contract extension due to lack of planning	POWER	2 063
Procurement without purchase order	POWER	42
Procurement of wheelchair - SCM procedure not followed	POWER	30
Service rendered without purchase order	POWER	12
Covid related expenditure	POWER	23
Contract extension due to poor planning	POWER	2 229
Actom power systems - upgrade of cleveland	POWER	12 442
Supplier did not meet technical criteria	POWER	130
Awards to suppliers with incorrect advertising	POWER	140
Fraudulent activity in the appointment of some learner contractors who did not qualify for appointment.	WATER	44 082
The process followed by JW of procuring the services through a deviation process contravenes the requirement of regulation 36 of the MFMA regulations.	WATER	8 729
The tender was awarded to a service provider based on incorrectly allocated technical evaluation scores	WATER	1 431
The winning bidder was allocated functionality points it did not qualify for	WATER	149
Award was made to a service provider who was non-compliant with tax	WATER	138
Deviation not justifiable and not in compliance with Circular 62 (not reported /approved by Council).	WATER	21 873
Incorrect functionality points awarded	WATER	2 059
No evidence of functionality points awarded	WATER	5 721
Evaluation criteria applied on the bids not consistent with what is stipulated on the tender documents	WATER	6 022
Evaluation criteria applied on the bids not consistent with what is stipulated on the tender documents	WATER	125
Deviation not justifiable and not in compliance with Circular 62 (not reported /approved by Council).	WATER	39 104

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Non compliance with Regulation 32 for the hire of fleet	WATER	68 934
Deviation not justifiable	WATER	30 931
The contract was awarded to a contractor whose CIDB grading is below the tender value in contravention of CIDB Regulation 25(A)	WATER	534
Deviations not approved by accounting officer. The minimum number of 3 quotations not obtained	WATER	744
Deviations not approved by accounting officer. The minimum number of 3 quotations not obtained	WATER	2 974
Transactions were identified during the year whereby SCM processes were not followed	MTC	7 203
Non - compliance with regulation 32 of the MFMA.	JRA	42 151
Employees in the service of the state doing business with JRA	JRA	157
Non compliance with local content requirements	JRA	4 458
Other non compliance to competitive bidding processes	JRA	76 476
Unresolved tax matters of related party MOEs	JFPM	4 456
Service provider rendered services after contract expired	JFPM	34
The contract expired and the tendering process was put on hold due to COJ insourcing of securities	JFPM	14 300
Purchases without following supply chain processes	JFPM	91
Contracts entered into by COJ and which were subsequently declared irregular	JFPM	2 717
Service Provider not tax compliant	JFPM	1 333
Bids advertised for less than 30 days without reasons being stated	JFPM	6 791
Service provider contract Extended due to Covid-19	JFPM	465
Avis Fleet Services - AGSA Finding: The Avis fleet contract was irregularly extended by the City. All expenditure for Fleet are to be disclosed as irregular expenditure.	Metrobus	745
Piston Power - AG Finding: Order splitting to avoid competitive bidding process	Metrobus	437
Afrent - Reported as Accruals in the 2019/20 financial year	Metrobus	(115)
Prior period:Understatement of disclosure of irregular expenditure	Metrobus	10 679
Afrent - AGSA Finding: The City incorrect participated in a Regulation 32 contract. All expenditure for Afrent fleet rentals must be disclosed as irregular expenditure.	Metrobus	1 916
Fleet contracts awarded by the City of Johannesburg Municipality without following the competitive bidding processes	JCPZ	47 277
Insurance contract awarded centrally by the City of Johannesburg Municipality without following a competitive bidding process	JCPZ	1 933
Awards made by Johannesburg City Parks without adherence to the legislated 30 days advertisement	JCPZ	46 513
Quotation awarded to the incorrect bidders due to disqualifications	JCPZ	330
Advertisement of long term contract below 30 days - excess amount	JCPZ	(325)
Landfill fleet	PIKITUP	7 949
Fleet costs	PIKITUP	93 626
IT services	PIKITUP	6 559
Security contract	PIKITUP	16 226
Co operatives	PIKITUP	1 243
Rental cost	PIKITUP	11 479
Sanitizing and deep cleaning services	PIKITUP	250
Employee cost	PIKITUP	3 225
Irregular expenditure-Current year	THEATRE	3 058
Irregular expenditure prior year identified in current year	THEATRE	633
Irregular expenditure prior year	JOSHCO	341
The contractor appointed to execute and complete the tenant installations at Braampark Office Park, Forum 1 was awarded from POP03/2018. The panel was declared irregular at the conclusion of the 2019 annual audit by AGSA. The award to the contractor was made prior to the panel being declared irregular.	JPC	26 361

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

JPC incurred R10 825 207 for fleet services. Fleet services are an essential requirement for the operations of JPC and could not be discontinued under the existing contract that was entered into by the COJ.	JPC	10 825
During the financial year the board of JPC engaged legal services for the investigation and advisory for matter related to the suspension of the CEO and CFO. No supply chain process was presented or followed by the previous board of JPC.	JPC	486
Subsequent to internal audit review it was established that the panel utilised for procurement of cleaning consumables had exceeded the validity period of the tender advertisement.	JPC	5 019
Irregular expenditure prior year	JOSHCO	5 443
Contract was amended or extended in contravention of Circular 62	Joburg water	5 261
Non-compliance with PPPFA Regulations on Local Content	Joburg water	1 154
Contravention of MFMA Regulation 36	Joburg water	5 783
Contravention of MFMA Regulation 36	Joburg water	21 856
Contravention of MFMA Regulation 36	Joburg water	868
Contravention of MFMA Regulation 36	Joburg water	3 687
		2 883 812

54. Deviation from supply chain management regulations

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

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

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

Details of Deviations

Figures in Rand thousand

Emergency - Reg (1)(a)(i)
Sole supplier - Reg (1)(a)(ii)
Special work of art - Reg (1)(a)(iii)
Aquisition of animals - Reg (1)(a)(iv)
Impracticability - Reg (1)(a)
(v)
Ratification of minor breaches - Reg (1)(b)
Other contracts extensions

GROUP		CJMM	
2021	2020	2021	2020
106 929	348 852	11 040	125 204
256 271	106 736	243 317	79 229
24 524	-	-	-
338	740	-	-
2 703 370	927 979	944 098	419 252
45 976	16 844	45 018	1 049
256 330	218 466	-	-
3 393 738	1 619 617	1 243 473	624 734

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

55. SEGMENT INFORMATION (GROUP)

General information

Identification of segments

Group

The group is organised and reports to management on the basis of a parent company(CORE Admin) and twelve municipal entities.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

City of Johannesburg has identified and disclosed the following segments:

1. CORE parent company (Segment information for the Parent company is shown as a comparative in these Group AFS)
2. City Power
3. Johannesburg Water
4. Johannesburg Roads Agency
5. Johannesburg Property Company
6. Johannesburg Civic Theatre
7. Johannesburg Development Agency
8. PIKITUP
9. JOSHCO
10. MTC
11. Johannesburg Fresh Produce Market
12. Johannesburg City Parks
13. Metro Bus

Core Admin has identified and disclosed the following segments:

1. Economic development
2. EISD
3. Development planning
4. Social Development
5. Public Safety
6. Health
7. Housing
8. Transport

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Assets and liabilities and revenue and expenses per segment

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Statement of Financial Position(Assets and Liabilities)

	JRA	JOSHCO	WATER	MTC	PIKITUP	MARKET
Assets	-	-	-	-	-	-
Current Assets	-	-	-	-	-	-
Inventories	65 711,00	392,00	65 996,00	2 974,00	5 914,00	-
Loans to Municipa	-	-	-	-	-	-
Loans to sharehol	457 049,00	5 958,00	633 864,00	-	2 816 518,00	402 304,00
Other financial as	-	-	-	-	-	-
Current tax receiv	-	50,00	-	-	-	27 992,00
Finance lease rec	-	-	-	-	-	-
Receivables from	608 762,00	802 736,00	13 051,00	819 589,00	33 118,00	66 173,00
Receivables from non-exchange transactions	-	-	-	-	-	-
VAT receivable	-	2 792,00	-	-	-	18 736,00
Consumer debtors	-	-	3 288 354,00	-	1 167 800,00	-
Financial assets a	-	-	-	-	-	-
Cash and cash eq	436 419,00	172 019,00	30,00	-	64,00	208 342,00
-	1 567 941,00	983 947,00	4 001 295,00	822 563,00	4 023 414,00	723 547,00
Non-Current Ass	-	-	-	-	-	-
Zoo animals	-	-	-	-	-	-
Investment proper	-	-	-	-	-	31 037,00
Property, plant an	161 468,00	8 371,00	12 936 746,00	467 670,00	529 482,00	404 734,00
Intangible assets	23 353,00	348,00	31 832,00	1 249,00	120,00	1 775,00
Heritage assets	-	-	-	-	-	-
Investments in Mu	-	-	-	-	-	-
Investment in Joint Ventures	-	22 410,00	-	-	-	-
Loans to Municipa	-	-	-	-	-	-
Loans to sharehol	54 820,00	-	-	791 327,00	143 906,00	-
Other financial as	-	-	-	-	-	-
Deferred tax	-	22 526,00	-	9 764,00	-	3 140,00
Finance lease rec	-	-	-	-	-	-
Financial assets a	-	-	-	-	-	-
-	239 641,00	53 655,00	12 968 578,00	1 270 010,00	673 508,00	440 686,00
Total Assets	1 807 582,00	1 037 602,00	16 969 873,00	2 092 573,00	4 696 922,00	1 164 233,00
Liabilities	-	-	-	-	-	-
Current Liabilitie	-	-	-	-	-	-
Loans from Share	-	414269,00	1 361 530,00	-	1 825 399,00	4 206,00
Loans and borrow	-	2142,00	-	-	-	-
Current tax payab	77 572,00	-	-	73 150,00	-	-
Finance lease obli	15 300,00	508,00	1 655,00	-	-	-
Payables from exc	743 826,00	821 999,00	1 857 038,00	241 093,00	801 022,00	281 030,00
Payables from noi	-	-	-	-	-	-
VAT payable	4 173,00	-	44 667,00	2 372,00	13 143,00	-
Unspent condition	-	-	-	-	-	-
Provisions	190 675,00	-	33 486,00	3 826,00	11 735,00	7 554,00
Deferred income	-	-	-	-	-	-
Consumer deposi	-	14 731,00	-	-	-	-
-	1 031 546,00	1 253 649,00	3 298 376,00	320 441,00	2 651 299,00	292 790,00
Non-Current Liat	-	-	-	-	-	-
Loans from Munic	-	-	-	-	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Loans from sharel	-	-	2150349,00	2053760,00	810587,00	-
Loans and borrow	-	8 997,00	-	-	-	-
Finance lease obli	29 989,00	67,00	7 721,00	-	-	-
Employee benefit	51 528,00	-	58 543,00	-	112 357,00	2 812,00
Unspent condition	-	178,00	-	-	-	-
Deferred tax	-	-	-	23 725,00	-	2,00
Provisions	-	-	-	-	656 076,00	-
Deferred income	-	-	-	-	-	-
Consumer deposi	-	-	441 530,00	-	-	-
-	81 517,00	9 242,00	2 658 143,00	2 077 485,00	1 579 020,00	2814,00
Total Liabilities	1 113 063,00	1 262 891,00	5 956 519,00	2 397 926,00	4 230 319,00	295 604,00
Net Assets	694 519,00	(225 289,00)	11 013 354,00	(305 353,00)	466 603,00	868 629,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Statement of Financial Position(Assets and Liabilities)

	PROPER	POWER	PARKS	CIVIC	JDA	MBUS
Assets	-	-	-	-	-	-
Current Assets	-	-	-	-	-	-
Inventories	-	59 618,00	4 593,00	2 152,00	-	27 510,00
Loans to Municipa	-	-	-	-	-	-
Loans to sharehol	128 598,00	-	718 403,00	-	-	-
Other financial as:	-	-	-	-	-	-
Current tax receiv.	-	170 778,00	-	-	-	-
Finance lease rec	-	-	-	-	-	-
Receivables from	603 780,00	848 780,00	78 422,00	36 659,00	585 591,00	10 196,00
Receivables from non-exchange transactions	-	194 979,00	11 238,00	-	-	-
VAT receivable	-	-	-	2 036,00	246 125,00	-
Consumer debtors	-	2 187 222,00	-	-	-	-
Financial assets a	-	-	-	-	1,00	-
Cash and cash eq	2,00	567 460,00	70,00	10 040,00	-	84,00
-	732 380,00	4 028 837,00	812 726,00	50 887,00	831 717,00	37 790,00
Non-Current Ass	-	-	-	-	-	-
Zoo animals	-	-	19 894,00	-	-	-
Investment proper	-	-	-	-	-	-
Property, plant an	19 651,00	15 376 245,00	77 437,00	13 161,00	6 166,00	546 582,00
Intangible assets	13 560,00	388 507,00	1 155,00	309,00	19 370,00	1 304,00
Heritage assets	-	-	-	1 603,00	-	-
Investments in Mu	-	-	-	-	-	-
Investment in Joint Ventures	-	-	-	-	-	-
Loans to Municipa	-	-	32 949,00	-	-	32 013,00
Loans to sharehol	-	-	-	-	-	-
Other financial as:	-	-	-	-	-	-
Deferred tax	24 551,00	-	-	3 097,00	3 635,00	-
Finance lease rec	-	-	-	-	-	-
Financial assets a	-	-	-	-	-	-
-	57 762,00	15 764 752,00	131 435,00	18 170,00	29 171,00	579 899,00
Total Assets	790 142,00	19 793 589,00	944 161,00	69 057,00	860 888,00	617 689,00
Liabilities	-	-	-	-	-	-
Current Liabilitie	-	-	-	-	-	-
Loans from Share	563 094,00	5 772 910,00	-	-	271 558,00	368 755,00
Loans and borrow	-	-	-	-	-	-
Current tax payab	9 329,00	-	-	-	472,00	-
Finance lease obli	547,00	13 512,00	13 586,00	-	-	-
Payables from exc	235 140,00	4 647 243,00	166 541,00	-	493 013,00	185 560,00
Payables from noi	-	3 220,00	415 828,00	48 570,00	-	-
VAT payable	-	125 004,00	7 986,00	-	-	-
Unspent condition	-	-	300,00	-	-	-
Provisions	1 566,00	267 035,00	21 880,00	3 753,00	6 265,00	2 407,00
Deferred income	-	-	-	-	-	5082,00
Consumer deposi	-	-	280,00	-	87,00	-
-	809 676,00	10 828 924,00	626 401,00	52 323,00	771 395,00	561 804,00
Non-Current Liab	-	-	-	-	-	-
Loans from Munic	-	-	-	-	-	-
Loans from sharel	-	2 053 443,00	-	-	-	151 790,00
Loans and borrow	-	-	-	-	-	-
Finance lease obli	-	19 548,00	25 342,00	-	42,00	-
Employee benefits	774,00	5 275,00	66 751,00	-	-	9 460,00
Unspent condition	-	83 805,00	-	-	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Deferred tax	2 391,00	1 417 290,00	-	4 421,00	22 616,00	-
Provisions	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Consumer deposits	-	701 962,00	-	-	-	-
	3165,00	4 281 323,00	92 093,00	4 421,00	22 658,00	161 250,00
Total Liabilities	812 841,00	15 110 247,00	718 494,00	56 744,00	794 053,00	723 054,00
Net Assets	(22 699,00)	4 683 342,00	225 667,00	12 313,00	66 835,00	(105 365,00)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Statement of Financial Position(Assets and Liabilities)

	- Core	Total	Elimination	Group
Assets	-	-	-	-
Current Assets	-	-	-	-
Inventories	91 305,00	326 138,00	-	326 138,00
Loans to Municipal ent	918 221,00	918 221,00	-918 221,00	-
Loans to shareholders	-	5 162 694,00	-5 162 694,00	-
Other financial assets	7 395,00	7 395,00	-	7 395,00
Current tax receivable	-	198 820,00	-	198 820,00
Finance lease receivabl	47 666,00	47 666,00	-47 666,00	-
Receivables from excha	12 532 783,00	17 039 729,00	16 078 138,00	961 591,00
Receivables from non-exchange transactions	225 931,00	432 148,00	-194 979,00	233 585,00
VAT receivable	165 475,00	435 164,00	-	435 164,00
Consumer debtors	1 036 559,00	7 679 935,00	-	7 679 935,00
Financial assets at fair v	1 388 045,00	1 388 046,00	-	1 388 045,00
Cash and cash equivale	5 250 131,00	6 644 661,00	-	6 644 662,00
-	21 663 601,00	40 280 617,00	-22 405 282,00	17 875 335,00
Non-Current Assets	-	-	-	-
Zoo animals	-	19 894,00	-	19 894,00
Investment property	992 715,00	1 023 752,00	-	1 023 752,00
Property, plant and equ	47 939 716,00	78 487 429,00	-129 008,00	78 358 421,00
Intangible assets	1 085 139,00	1 568 022,00	-	1 568 022,00
Heritage assets	594 824,00	596 427,00	-	596 427,00
Investments in Municip	657 709,00	657 709,00	-657 709,00	-
Investment in Joint Ventures	-	22 410,00	903,00	23 313,00
Loans to Municipal Ent	5 174 761,00	5 239 723,00	-5 239 723,00	-
Loans to shareholders	-	990 053,00	-990 053,00	-
Other financial assets	112 281,00	112 281,00	-	112 281,00
Deferred tax	-	66 713,00	2 110 484,00	2 177 197,00
Finance lease receivabl	117 057,00	117 057,00	-117 057,00	-
Financial assets at fair v	1 386 277,00	1 386 277,00	-	1 386 277,00
-	58 060 479,00	90 287 747,00	-5 022 163,00	85 265 584,00
Total Assets	79 724 080,00	130 568 364,00	(27 427 445,00)	103 140 919,00
Liabilities	-	-	-	-
Current Liabilities	-	-	-	-
Loans from Shareholde	-	10581721,00	-10 581 721,00	-
Loans and borrowings	1 308 742,00	1 310 884,00	-	1 310 884,00
Current tax payable	-	160 523,00	-472,00	160 051,00
Finance lease obligatio	34 661,00	79 769,00	-41 759,00	38 010,00
Payables from exchange	14 030 394,00	24 503 900,00	-12 316 546,00	12 187 354,00
Payables from non-exc	-	467 618,00	-51 790,00	415 828,00
VAT payable	-	197 345,00	-	197 345,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Unspent conditional gr	340 288,00	340 588,00	-	340 588,00
Provisions	-	550 182,00	-	550 182,00
Deferred income	47 825,00	52 907,00	-	52 907,00
Consumer deposits	-	15 098,00	-	15 098,00
-	15 761 910,00	38 260 535,00	-22 992 288,00	15 268 247,00
-	-	-	-	-
Non-Current Liabilities	-	-	-	-
Loans from Municipal €	442 924,00	442 924,00	-442 924,00	-
Loans from shareholde	-	7219929,00	-7 219 929,00	-
Loans and borrowings	22 254 419,00	22 263 416,00	-	22 263 416,00
Finance lease obligatio	-	82 709,00	-82 164,00	545,00
Employee benefits obli	914 135,00	1 221 635,00	-	1 221 635,00
Unspent conditional gr	-	83 983,00	-	83 983,00
Deferred tax	-	1 470 445,00	2 110 484,00	3 580 929,00
Provisions	127 168,00	783 244,00	-	783 244,00
Deferred income	13 349,00	13 349,00	-	13 349,00
Consumer deposits	13 768,00	1 157 260,00	-	1 157 260,00
-	23 765 763,00	34 738 894,00	-5 634 533,00	29 104 361,00
Total Liabilities	39 527 673,00	72 999 429,00	(28 626 821,00)	44 372 608,00
Net Assets	40 196 407,00	57 568 935,00	(1 199 376,00)	58 768 311,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Statement of Financial performance (Revenue and expenses)

	- JRA	Joshco	Water	MTC	PIKITUP	Market	
Revenue	-	-	-	-	-	-	-
Revenue from exchange transactions	-	-	-	-	-	-	-
Rendering of serv	-	-	13 003 343,00	219 720,00	1 951 267,00	-	-
Rental of facilities and equipment	6 942,00	171 632,00	-	-	-	54 958,00	-
Agency services	-	63 365,00	-	-	-	-	435 275,00
Other revenue	90 504,00	2 362,00	4 671,00	15 578,00	5 788,00	-	14 794,00
Finance Income	34 855,00	9 960,00	176 018,00	25 401,00	51 975,00	-	25 618,00
Fair value adjustm	-	-	-	-	-	-	-
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	-	-	-	-
Total revenue from exchange transactions	132 301,00	247 319,00	13 184 032,00	260 699,00	2 009 030,00	530 645,00	
Revenue from non-exchange transactions	-	-	-	-	-	-	-
Taxation revenue	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-
Surcharges and te	-	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-	656,00
Transfer revenue	-	-	-	-	-	-	-
Government grants and subsidies	1 293 374,00	19 900,00	296 952,00	251 893,00	874 220,00	-	-
Levies	-	-	-	-	248 522,00	-	-
Public contributions, donated and contributed property, plant and equipment	26 367,00	-	223 920,00	-	-	-	-
Fines, Penalties a	-	-	240,00	-	-	-	-
Total revenue from non-exchange transactions	1 319 741,00	19 900,00	521 112,00	251 893,00	1 122 742,00	656,00	
Total revenue	1 452 042,00	267 219,00	13 705 144,00	512 592,00	3 131 772,00	531 301,00	
Expenditure	-	-	-	-	-	-	-
Employee related costs	-371 862,00	-150 789,00	-1 367 214,00	-36 842,00	-1 423 923,00	-168 244,00	-
Remuneration of councillors	-	-	-	-	-	-	-
Depreciation and amortisation	-47 654,00	-2 709,00	-341 507,00	-34 634,00	-66 042,00	-25 264,00	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Impairment losses	-	-	-693,00	-	-	-9 817,00
Finance costs	-36 977,00	-7 147,00	-271 826,00	-193 367,00	-110 701,00	-915,00
Debt impairment	-	-74 453,00	-2 661 104,00	-531,00	-207 946,00	-7,00
Bulk purchases	-	-	-6 376 001,00	-	-	-
Lease rentals on operating lease	-37 757,00	-	-185 318,00	-2 110,00	-11 802,00	-978,00
Grants and subsidies paid	-	-	-	-	-	-
Loss on disposal of assets and liabilities	-15,00	-74,00	-881,00	-35,00	-	-2 407,00
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-251,00	-	-	-	-
General expenses	-1 068 775,00	-147 743,00	-1 040 434,00	-136 709,00	-1 344 670,00	-174 539,00
Total expenditure	-1 563 040,00	-383 166,00	-12 244 978,00	-404 228,00	-3 165 084,00	-382 171,00
Surplus before taxation	-110 998,00	-115 947,00	1 460 166,00	108 364,00	-33 312,00	149 130,00
Taxation	84 122,00	-	-	40 415,00	-	46 712,00
Surplus for the year	-195 120,00	-115 947,00	1 460 166,00	67 949,00	-33 312,00	102 418,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Statement of Financial performance (Revenue and expenses)

	- Property	Power	Parks	Theatre	JDA	MBUS	
Revenue	-	-	-	-	-	-	-
Revenue from exchange transactions	-	-	-	-	-	-	-
Rendering of serv	-	16 400 390,00	-	-	-	-	37 709,00
Rental of facilities and equipment	-	616,00	2 385,00	1 868,00	326,00	-	-
Agency services	47 908,00	-	-	-	-	-	-
Other revenue	165 715,00	44 099,00	131 295,00	38 007,00	74 928,00	1 868,00	-
Finance Income	377,00	76 825,00	29 255,00	3 133,00	-	1 093,00	-
Fair value adjustm	-	-	-	-	-	-	-
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	-	-	-	-
Total revenue from exchange transactions	214 000,00	16 521 930,00	162 935,00	43 008,00	75 254,00	40 670,00	
Revenue from non-exchange transactions	-	-	-	-	-	-	-
Taxation revenue	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-
Surcharges and te	-	-	-	-	-	-	-
Finance Income	62,00	-	-	-	-	-	-
Transfer revenue	-	-	-	-	-	-	-
Government grants and subsidies	646 229,00	76 320,00	980 998,00	163 454,00	40 627,00	669 859,00	-
Levies	-	337 620,00	-	-	-	-	-
Public contributions, donated and contributed property, plant and equipment	-	41 742,00	8 288,00	-	-	-	-
Fines, Penalties a	-	-	-	-	-	-	-
Total revenue from non-exchange transactions	646 291,00	455 682,00	989 286,00	163 454,00	40 627,00	669 859,00	
Total revenue	860 291,00	16 977 612,00	1 152 221,00	206 462,00	115 881,00	710 529,00	
Expenditure	-	-	-	-	-	-	-
Employee related costs	-486 492,00	-1 303 095,00	-652 842,00	-95 088,00	-78 591,00	-315 584,00	-
Remuneration of councillors	-	-	-	-	-	-	-
Depreciation and amortisation	-26 005,00	-586 937,00	-32 687,00	-1 900,00	-1 996,00	-69 694,00	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Impairment losses	-	-121 831,00	-	-	-	-43 726,00
Finance costs	-3 723,00	-523 891,00	-8 778,00	-	-15 880,00	-36 869,00
Debt impairment	5 627,00	-792 538,00	-	-1 919,00	-16 730,00	30,00
Bulk purchases	-	-12 133 490,00	-	-	-	-
Lease rentals on operating lease	-121 613,00	-688 502,00	-	-	-	-4 967,00
Grants and subsidies paid	-	-	-	-21 512,00	-	-
Loss on disposal of assets and liabilities	-1 053,00	-2 697,00	-1 990,00	-	-103,00	-1 765,00
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	-	-	-
General expenses	-223 484,00	-1 501 439,00	-436 605,00	-79 869,00	-22 352,00	-160 063,00
Total expenditure	-856 743,00	-17 654 420,00	-1 132 902,00	-200 288,00	-135 652,00	-632 638,00
Surplus before taxation	3 548,00	-676 808,00	19 319,00	6 174,00	-19 771,00	77 891,00
Taxation	7 000,00	-207 799,00	-	1 324,00	-2 688,00	-
Surplus for the year	-3 452,00	-469 009,00	19 319,00	4 850,00	-17 083,00	77 891,00

Statement of Financial performance (Revenue and expenses)

	- Core	Total	Eliminations	Group
Revenue	-	-	-	-
Revenue from exchange	-	-	-	-
Rendering of services	250 037,00	31 862 466,00	-1 199 785,00	30 662 681,00
Rental of facilities and	114 432,00	353 159,00	-179,00	352 980,00
Agency services	661 956,00	1 208 504,00	-450 706,00	757 798,00
Other revenue	622 720,00	1 212 329,00	-387 446,00	824 883,00
Finance Income	1 478 693,00	1 913 203,00	-1 266 526,00	646 677,00
Fair value adjustment	262 205,00	262 205,00	-	262 205,00
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	-
Total revenue from exchange	3 390 043,00	36 811 866,00	-3 742 079,00	33 069 787,00
Revenue from non-exchange	-	-	-	-
Taxation revenue	-	-	-	-
Property rates	13 035 792,00	13 035 792,00	-	13 035 792,00
Surcharges and taxes	252 541,00	252 541,00	-	252 541,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Finance Income	119 847,00	120 565,00	-	120 565,00
Transfer revenue	-	-	-	-
Government grants at	12 211 789,00	17 525 615,00	-4 921 987,00	12 603 628,00
Levies	-	586 142,00	-	586 142,00
Public contributions, donated and contributed property, plant and equipment	1 231,00	301 548,00	-	301 548,00
Fines, Penalties and F	1 547 656,00	1 547 896,00	-	1 547 896,00
Total revenue from no	27 168 856,00	33 370 099,00	-4 921 987,00	28 448 112,00
Total revenue	30 558 899,00	70 181 965,00	-8 664 066,00	61 517 899,00
-	-	-	-	-
Expenditure	-	-	-	-
Employee related cos	-9 048 433,00	-15 498 999,00	199 333,00	-15 299 666,00
Remuneration of cou	-168 116,00	-168 116,00	-	-168 116,00
Depreciation and amc	-2 592 597,00	-3 829 797,00	-	-3 829 797,00
Impairment losses	-1 704 561,00	-1 880 628,00	1 609 910,00	-270 718,00
Finance costs	-2 663 841,00	-3 873 915,00	1 261 806,00	-2 612 109,00
Debt impairment	-2 644 940,00	-6 394 512,00	-	-6 394 512,00
Bulk purchases	-	-18 509 491,00	178 105,00	-18 331 386,00
Lease rentals on oper	-185 124,00	-1 238 171,00	404,00	-1 238 575,00
Grants and subsidies	-4 938 683,00	-4 960 195,00	4 921 987,00	-38 208,00
Loss on disposal of as	-28 181,00	-39 201,00	-	-39 201,00
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-251,00	-362,00	-613,00
General expenses	-5 224 390,00	-11 561 072,00	2 103 235,00	-9 457 837,00
Total expenditure	-29 198 866,00	-67 954 377,00	10 273 610,00	-57 680 767,00
Surplus before taxatio	1 360 033,00	2 227 226,00	1 609 906,00	3 837 132,00
Taxation	-	-30 914,00	-	-30 914,00
Surplus for the year	2 879 282,00	2 258 140,00	1 609 906,00	3 868 046,00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. SEGMENT INFORMATION (CJMM)

Assets and liabilities and revenue and expenses per segment

Statement of Financial Position (Assets and Liabilities)

	Public Safety	Transport	Non-Segments
Assets	1 110 935,80	7 471 935,86	53 652 073,00
Liabilities	-392 042,66	-650 196,45	-36 622 772,00
Grand Total	718 893,13	6 821 739,41	17 029 301,00

Statement of Financial Position (Assets and Liabilities)

	Aggregated Segment 1	Aggregated Segment 2	Health	Housing
Assets	2 542 723,20	4 266 970,00	656 119,27	10 023 326,00
Liabilities	-426 872,56	-152 828,54	-72 513,69	-1 210 448,00
Grand Total	2 115 850,64	4 114 141,00	583 605,58	8 812 878,00

Statement of Financial performance (Revenue and expenses)

	Public Safety	Transport	Non-Segments
Revenue	-	-	-
Government grants	-	(808 691,00)	(9 775 080,00)
Finance Income	-	(6 055,75)	(1 402 598,00)
Finance Income-Property Rates	-	-	(119 846,74)
Other expenses	-	-	-
Other revenue from exchange tr	(374 355,17)	(125 110,28)	(1 154 686,05)
Other revenue from non-exchan	(1 547 656,30)	-	(200,00)
Property rates	-	-	(13 035 792,18)
Rental of facilities and equipmer	-	-	(62 930,24)
Revenue from exchange transac	-	-	(262 205,16)
Total Revenue	(1 922 011,47)	(939 857,03)	(25 813 338,37)
Expenditure	Public Safety	Transport	Non-Segments
Other expense	730 775,00	669 786,00	2 780 734,00
Debt Impairment	1 246 748,21	-	2 646 860,00
Depreciation and Impairment	46 091,40	457 871,51	1 307 651,00
Employee related cost	4 280 424,44	200 943,37	2 323 590,00
Finance cost	16,95	9 691,28	2 654 096,81
Government grants & subsidies	-	-	-
Grants and subsidies paid	-	-	4 920 454,33
Total Expenditure	6 304 056,00	1 338 292,16	16 633 386,14
Surplus/Deficit	4 382 044,53	398 435,13	-9 179 952,23

Statement of Financial performance (Revenue and expenses)

	Aggregated Segment 1	Aggregated Segment 2	Health	Housing
Revenue	-	-	-	-
Government grants	(143 362,00)	(17 559,00)	(194 803,00)	(1 272 292,00)
Finance Income	(22 766,51)	-	-	(47 271,94)
Finance Income-Property	-	-	-	-
Other expenses	-	-	-	-
Other revenue from exch	(126 303,07)	(1 989,20)	(1 296,07)	(3 512,08)
Other revenue from non-e	-	(0,04)	(1 031,89)	-
Property rates	-	-	-	-
Rental of facilities and eq	-	(1 639,54)	-	(49 862,16)
Revenue from exchange l	-	-	-	-
Total Revenue	(292 431,58)	(21 187,78)	(197 130,96)	(1 372 938,18)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

	-	-	-	-	-
Expenditure	Aggregated Segment 1	Aggregated Segment 2	Health	Housing	
Eliminations Expense	-	-	-	-	-
Debt Impairment	22 829,30	-	-	-	433 064,00
Depreciation and Impairm	84 018,18	248 904,00	38 879,16	-	409 181,73
Employee related cost	453 797,01	665 070,15	1 139 997,32	-	168 774,63
Finance cost	-	37,34	-	-	(0,92)
Other expenses	83 262,00	350 991,00	76 627,00	-	729 461,00
Grants and subsidies paid	-	9 701,81	8 525,64	-	(0,01)
Total Expenditure	643 906,49	1 274 704,30	1 264 029,12	1 740 480,43	
	-	-	-	-	-
Surplus/Deficit	351 474,91	1 253 516,52	1 066 898,16	367 542,25	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

57. RELATED PARTIES

Relationships

CORE

The City of Johannesburg Metropolitan Municipality
Johannesburg City Parks 19
Johannesburg Metropolitan Bus Services (Pty) Ltd
Johannesburg Social Housing Company (Pty) Ltd
City Power Johannesburg (Pty) Ltd
Johannesburg Development Agency (Pty) Ltd
Johannesburg Roads Agency (Pty) Ltd
Johannesburg Water (Pty) Ltd
The Johannesburg Civic Theatre (Pty) Ltd
The Johannesburg Fresh Produce Market (Pty) Ltd
Pikitup Johannesburg (Pty) Ltd
City of Johannesburg Property Company (Pty) Ltd
Metropolitan Trading Company (Pty) Ltd

Related party balances

Amounts included in Loans, Trade and other receivables with related parties

City Power Johannesburg (Pty) Ltd	9 395 980	8 056 042
City of Johannesburg Property Company (Pty) Ltd	754 478	427 874
Johannesburg City Parks	95 522	118 425
Johannesburg Development Agency (Pty) Ltd	275 721	362 531
Johannesburg Metropolitan Bus Services (Pty) Ltd	634 973	767 307
Johannesburg Roads Agency (Pty) Ltd	122 717	144 321
Johannesburg Social Housing Company (Pty) Ltd	1 003 332	461 455
Johannesburg Water (Pty) Ltd	3 988 843	4 198 953
Metropolitan Trading Company (Pty) Ltd	2 060 183	2 265 954
Pikitup Johannesburg (Pty) Ltd	1 443 569	1 217 491
The Johannesburg Civic Theatre (Pty) Ltd	6 054	9 396
The Johannesburg Fresh Produce Market (Pty) Ltd	87 906	92 627
	19 869 278	18 122 376

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

57. RELATED PARTIES (continued)

Amounts included in Loans,

Trade and other payables with related parties

City Power Johannesburg (Pty) Ltd	965 453	912 026
City of Johannesburg Property Company (Pty) Ltd	762 328	593 023
Johannesburg City Parks	812 269	804 980
Johannesburg Development Agency (Pty) Ltd	584 572	503 219
Johannesburg Metropolitan Bus Services (Pty) Ltd	32 405	31 350
Johannesburg Roads Agency (Pty) Ltd	965 108	1 195 140
Johannesburg Social Housing Company (Pty) Ltd	761 972	311 442
Johannesburg Water (Pty) Ltd	1 106 183	1 203 305
Metropolitan Trading Company (Pty) Ltd	1 593 233	1 233 396
Pikitup Johannesburg (Pty) Ltd	1 484 196	1 728 252
The Johannesburg Civic Theatre (Pty) Ltd	35 073	5 722
The Johannesburg Fresh Produce Market (Pty) Ltd	412 262	442 916
	9 515 054	8 964 771

Related party transactions

Revenue from related parties

City Power Johannesburg (Pty) Ltd	627 916	726 705
City of Johannesburg Property Company (Pty) Ltd	53 116	66 963
Johannesburg City Parks	8 644	14 187
Johannesburg Development Agency (Pty) Ltd	15 863	28 678
Johannesburg Metropolitan Bus Services (Pty) Ltd	41 316	69 813
Johannesburg Roads Agency (Pty) Ltd	12 087	29 395
Johannesburg Social Housing Company (Pty) Ltd	7 016	1 092
Johannesburg Water (Pty) Ltd	532 566	555 816
Metropolitan Trading Company (Pty) Ltd	194 908	166 667
Pikitup Johannesburg (Pty) Ltd	87 751	95 638
The Johannesburg Civic Theatre (Pty) Ltd	11 513	7 152
The Johannesburg Fresh Produce Market (Pty) Ltd	1 947	3 279
	1 594 643	1 765 385

Operating Expenditure

City Power Johannesburg (Pty) Ltd	142 390	125 930
City of Johannesburg Property Company (Pty) Ltd	836 987	784 728
Johannesburg City Parks	1 004 887	953 629
Johannesburg Development Agency (Pty) Ltd	54 589	72 072
Johannesburg Metropolitan Bus Services (Pty) Ltd	669 859	638 578
Johannesburg Roads Agency (Pty) Ltd	1 345 497	1 219 122
Johannesburg Social Housing Company (Pty) Ltd	92 795	44 159
Johannesburg Water (Pty) Ltd	462 066	489 822
Metropolitan Trading Company (Pty) Ltd	484 471	459 148
Pikitup Johannesburg (Pty) Ltd	936 786	790 247
The Johannesburg Civic Theatre (Pty) Ltd	198 303	150 987
The Johannesburg Fresh Produce Market (Pty) Ltd	55 427	30 178
	6 284 057	5 758 600

Commitments

Johannesburg Development Agency	1 974 478	2 425 688
Johannesburg City Parks & Zoo	-	13 711
Johannesburg Social Housing	-	219 380
Johannesburg Roads Agency	1 080 912	1 458 238
	3 055 390	4 117 017

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

57. RELATED PARTIES (continued)

The prior year figures for commitments have been restated by R-5 188 652. This was as a result of one contract being omitted from the schedule and one erroneously included.

58. Change in estimate

Property, plant and equipment

The useful lives of certain property, plant and equipment have been reviewed and re-assessed by management during the current reporting period to reflect a more accurate pattern of consumption expected to be derived from these assets. The changes were made prospectively from the beginning of the reporting period. Depreciation is accounted over the remaining useful lives.

The following Municipal entities had changes in their asset's useful lives based on re-assessments performed, and the effect on the current and future periods thereof:

CORE

Property rates: The change in estimate amount included in revenue are due to change in property values, implementation of appeal board decisions, property subdivisions and consolidations and property categories. The change in estimate for property Rates and Taxes amounted to R-389 688 318 (2020: R-225 661 635). The prior year change in estimate figure was restated.

Traffic Fines: The amount relates to traffic fines accounted for as invalid in the previous year, this was due to these not being posted to traffic offenders within the prescribed period. These fines were subsequently collected by JMPD in the current year. The change in estimates for fines amounted to R 14 783 414 (2020: R20 725 585).

Metrobus

The useful life of Property, Plant and Equipment was re-assessed and this resulted in an increase in the useful life of some assets. These assets are still in a good working condition based on the asset verification performed at year end. The useful life and residual value adjustment resulted in a decrease in depreciation in the current year amounting to R2 620 492

Joburg Water

Useful life of Property, plant and equipment

The residual values, depreciation methods and useful lives of the asset categories are reviewed at each financial year end and adjusted if necessary. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The useful lives of the following categories of property, plant and equipment have been reviewed, which resulted in changes (increase) in the expected useful lives of these categories of property, plant and equipment. The increase in expected useful lives of these categories of PPE is due to the favorable condition of assets in these categories of property plant and equipment. The effect of these changes in the useful lives on actual and expected depreciation follows:

Fixed Property range remains 5 to 30 years as described in the policy, however the sub classes within the Fixed Property have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R1,718,054 and a decrease in future years depreciation by R1,683,082.

Computer Equipment range remains 4 to 24 years as described in the policy, however the sub classes within the Computer Equipment have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R1 751 129 and a decrease in future years depreciation by R519 391

Furniture and Fittings range remains 5 to 25 years as described in the policy, however the sub classes within the Furniture and Fittings have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R92,890 and a decrease in future years depreciation by R44,108.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Laboratory Equipment range remains 2 to 15 years as described in the policy, however the sub classes within the Laboratory Equipment have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R584,944 and a decrease in future years depreciation by R249,517. .

Minor Plan range remains 5 to 16 years as described in the policy, however the sub classes within the Minor Plan have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R176,312 and a decrease in future years depreciation by R47,459. .

Office Equipment range has changed from 5 to 18 years to a new range of 5 to 19 years as described in the policy. The impact of the change in estimate is a decrease in the current year depreciation by R143,157 and a decrease in future years depreciation by R87,106.

Communication Equipment range remains 2 to 13 years as described in the policy; however, the sub classes within the Communication Equipment have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R315,601 and a decrease in future years depreciation by R197,890.

Plant and Machinery range remains 10 to 40 years as described in the policy; however, the sub classes within the Plant and Machinery have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R201,400 and a decrease in future years depreciation by R509.

Wastewater Network range remains 5 to 100 years as described in the policy; however, the sub classes within Wastewater Network have been reassessed. The impact of the change in estimate is a decrease in the current year depreciation by R57,811 and a decrease in future years depreciation by R3,532.

Water Meters range has changed from 4 to 15 years to a new range of 4 to 17 years as described in the policy. The impact of the change in estimate is a decrease in the current year depreciation by R196,318 and a decrease in future years depreciation by R157,793.

City Power

Property plant and equipments.

Property plant and equipment original useful lives have been reassessed as per table below in the beginning of the current financial period to reflect the actual pattern of service potential derived from the assets. The depreciation is to be calculated on a straight line bases for the remaining useful lives of the asset.

Asset Class	Useful lives extensions
Computer	1-2 years
Plant and machinery	1-9 years
Furniture and fittings	1-2 years

The change in the useful lives of the assets had the following impact on depreciation

Asset class	Current year(decrease)	Future(Increase)
Computer equipment	-4250	4250
Furniture and fittings	-81	81
Software	-16 400	16 400
Plant and machinery	-5 853	5 853
	26 584	26 684

MTC

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

Property Plant and Equipment

During the year, the entity conducted an operational efficiency for the tools of trade, which resulted in changes in the expected usage of certain tools of trade. The tools of trade, which management had previously intended to use for 3 years, is now expected to remain in use for 5 years from the date of purchase. As a result, the expected useful life of the tools of trade increased. The effect of these changes on actual and expected depreciation expense is as follows.

The effect of the above is considered immaterial to future depreciation.

JDA

Property, plant and equipment

The useful life of certain property, plant and equipment was estimated in 2020 to be 5-15 years. In the current period management have revised their estimate to within 5-20 years. The effect of this revision has decreased the depreciation charges for the current by R 103,626 and increased future periods by R165 910.

The impact on tax would be R29,015 in future periods.

The impact on the cash flow statement would be R74,611.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

Figures in Rand thousand

59. CURRENT TAX RECEIVABLES (STATUTORY RECEIVABLE)

These amounts are Receivable by the group as a result of transaction attracting Income Tax as legislated under the Income Tax Act 58 of 1962 from the South African Revenue Services.

No impairments against the current tax receivables.

60. PAYABLES FROM NON-EXCHANGE

Bulk engineering fees	415 828	380 211	-	-
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The bulk service contribution for capital expenditure represents contributions made by developers through CJMM yet to be spent on capital infrastructure and related projects.

61. VAT PAYABLE

Tax refunds payables	197 345	45 997	-	-
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62. FINANCE INCOME

Interest revenue

Bank	265 439	350 516	1 335 511	1 450 572
Interest charged on trade and other receivables	361 237	289 359	122 139	102 084
Interest- Other	20 001	44 555	21 043	58 120
	646 677	684 430	1 478 693	1 610 776

63. FINANCE COSTS

Borrowings	2 439 729	2 329 728	2 560 248	2 531 944
Interest on post retirement	73 432	89 755	93 831	109 339
Interest unwinding on rehabilitation of landfill	40 925	48 439	-	-
Interest- Other	58 023	56 142	9 762	29 431
	2 612 109	2 524 064	2 663 841	2 670 714

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

64. TAXATION

Major components of the tax income

Current

Local income tax - current period	164 543	73 637	-	-
Adjustment for over/under provision of prior year	1 953	-	-	-
	166 496	73 637	-	-

Deferred

Originating and reversing temporary differences	(197 410)	(83 904)	-	-
	(30 914)	(10 267)	-	-

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting surplus	3 837 132	3 124 984	1 360 033	2 047 323
Tax at the applicable tax rate of 28% (2020: 28%)	1 074 397	874 996	380 809	573 250
Tax effect of adjustments on taxable income				
Non-taxable and non-deductible items	(1 023 012)	(795 786)	(380 809)	(573 250)
(Over)/ under provision of prior years	(82 299)	(89 477)	-	-
	(30 914)	(10 267)	-	-

65. RENTAL OF FACILITIES AND EQUIPMENT

Facilities and equipment

Rental of facilities	68 505	74 903	1 640	5 798
Rental of properties	274 823	281 300	112 792	130 150
	343 328	356 203	114 432	135 948

66. AGENCY SERVICES

Commission	731 286	633 892	272 212	211 766
Billing and collection	26 512	57 339	389 744	410 310
	757 798	691 231	661 956	622 076

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

Joburg Market Fresh Produce

The sale of fresh produce on National Fresh Produce Markets are governed by the Agriculture Produce Agent Council Act (APAC) and Market By Laws. The City is an agent through Joburg Market facilitating to sale of fruits and vegetables. The commission earned is R435.9 million (2020: R408.3 million). Amounts held and payable to principal R24.8 million (2020: R35.4 million)

Gauteng Department of Roads and Transport

The agreement requires the city to perform all the registering and testing functions on behalf of the department which consist of Motor vehicle registration and licencing, Driving licence test centre functions and Vehicle testing station functions. The City is an Agent to the agreement as they are only entitled to a commission amount and deposit all the net amount received for services rendered to the provincial department. City's failure to deposit amounts collected to the province for a period of two months result to strict requirement of depositing daily to the department. Thus a principal-agent arrangement exists, and CJMM is the agent as per GRAP 109. Amounts held and payable to principal R0 million (2020: R60.2 million)

Vehicle registration are driver's licencing commission can be broken down as follows:

Licensing	227 469	172 974	227 469	172 974
Permit fees	20 561	16 521	20 561	16 521
Certificate fees	5 096	4 674	5 096	4 674
Testing fees	17 821	16 519	17 821	16 519
Trade plates	1 259	1 078	1 259	1 078
	272 206	211 766	272 206	211 766

67. PRINCIPAL AGENT ARRANGEMENT

Webtickets

City of Johannesburg as a Principal The group has an agreement with Webtickets to sell tickets for shows. Through this arrangement Webtickets uses its distribution platform via Pik N Pay. All sales through Pik N Pay are deposited directly to Webtickets who in turn deducts the ticketing fee and pay the amount due to JCT. The table below provides the transactions that relates to the arrangement.

South African Post Office Limited

The agreement is between the South African Post Office Limited and City of Johannesburg Metro Municipality where the terms and conditions have been agreed upon that the Post office will accept payments from city customers on behalf of the City at their post office outlets. The City is a principal to this agreement.

Transwitch

The City is a principal to an agreement where Transwitch Services (Pty) Ltd (TSS) will collect all the outstanding accounts owed by city customers on behalf of the City.

TSS must ensure that all payments collected must be paid to the City's nominated bank account not later than 24 hours after collection. and in the event that next day is weekend or public holiday, the payment must be made on the next business day thereafter.

Entity	Cash held by agent		Cash paid by agent		Commision paid	
-	2021	2020	2021	2020	2021	2020

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

67. PRINCIPAL AGENT ARRANGEMENT (continued)

Transwitch Services (Pty) Ltd	23 425	22 074	5 390 258	5 285 370	103 252	99 216
South African Post Office Limited	3 248	13 856	401 444	389 189	1 762	2 035
Webtickets	-	-	407	1 744	21	93

All the cash held by the agents on behalf of the City is expected to be settled by not later than 31 July 2021.

68. CASH MANAGEMENT

Since 2013 financial year, Transport department within City of Johannesburg had cash losses due to alleged fraudulent activities and theft amounting to R0 (2019: R8 033 000). These losses incurred led to monies which were never credited into the City's bank account. Management is in the process of prosecuting personnel alleged to have undertaken fraudulent activities and/or have been negligent in the execution of their duties. Cases have also been opened with the SAPS with a view inter alia to recovering the monies. Investigations are almost complete and based on the outcome of these investigations actions have already been taken and will continue to be taken to improve controls and hold the relevant parties accountable. The loss is included under general expenditure.

95 001	95 001	95 001	95 001
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2021

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
Figures in Rand thousand	2021	2020	2021	2020

69. IMPACT OF COVID-19

Government declared a national state of disaster under Section 27(1) and Section 27(2) of the Disaster Management Act on 15 March 2020 in response to the COVID-19 outbreak which has been declared a global pandemic by the World Health Organisation (WHO).

-The SARS Covid-19 pandemic which resulted in the country going into strict lockdown to contain the outbreak from May 2020 has had an adverse impact on current year performance of some divisions on collection of revenue. This resulted in a higher than expected impairment of consumer debtors and allowance for debt impairment compared to prior financial period, due to the general decline in the global and local economic conditions.

The city also incurred expenditure for the procurement personal protective equipment (PPE) through the internal; centralised process to prevent the spread of Covid-19.

Core Departments

Traffic fines revenue was over budget due to the volume of vehicles on the road being lower than normal (pre-Covid-19 period), thus enabling a free flow of traffic throughout the day. With less congestion, this enabled the motorists to drive at higher speeds than traffic regulation allow at the given road.

Joburg Market

Significant receipts relating to Joburg Market (daily takings) were not banked by year end which were collected by Standard Bank CIT unit and kept at their depot due to COVID-19 delays and not banked by year end.

Joburg Property Company

During the 2019/20 financial year the property portfolio raised a provision for doubtful debts on facilitation fees.

-Given the economic and financial challenges COVID-19 poses to developers the long outstanding debts for facilitation fees is still being provided for in the event the projects do not proceed. A provision has also been provided for an outdoor advertising debtor per review of the debtor and the application of GRAP 104.

Joburg Development Agency

The implementation of the lockdown regulations led to the temporary closure of all JDA construction sites from the end of March 2020. The closure of development sites resulted in a decrease in the capital expenditure being incurred during this period. Most development projects continued into the 2020/21 financial year and in some cases, completion dates had to be deferred to take into consideration the lockdown period. The JDA administrative offices were closed during level 5 of the lockdown and staff had returned back to the office on a rotational basis. The JDA offices are currently occupied at less than capacity and new working arrangement protocols were put into place to accommodate staff members that needed to work from home.

Joburg City Theatre

Covid 19 pandemic significantly impacted the operational activities of Joburg City Theatres which resulted in expenses being incurred by the entity to ensure compliance with lockdown regulations and the safety of employees and patrons. Some of the entities major clients's were affected by Covid-19 leading to non operation of their businesses resulting in them being unable pay monies owed to JCT.