Can't Show Logo bmp

Joburg Market (SOC) Limited
Financial statements
for the year ended 30 June 2021

General Information

COUNTRY OF INCORPORATION AND DOMICILE	Republic of South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Providing of infrastructure to distribute fresh produce
REGISTERED OFFICE	1 Heidelberg Road City Deep Johannesburg 2049
BUSINESS ADDRESS	4 Fortune Road (Off Heidelberg Road) City Deep Johannesburg 2049
POSTAL ADDRESS	P O Box 86007 City Deep Johannesburg 2049
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank Limited
AUDITORS	The Auditor-General: South Africa
SECRETARY	Mr K Singh
COMPANY REGISTRATION NUMBER	2000/023383/07
PREPARER	The financial statements were internally compiled by: Lindokuhle Ababio CA(SA) Chief Financial Officer (Acting)

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

	Page
Directors' Responsibilities and Approval	3
Audit and Risk Committee's Report	4 - 7
Report of the Auditor General	8 - 7
Directors' Report	8 - 12
Company Secretary's Certification	13
Statement of Financial Position	14
Statement of Financial Performance	15
Statement of Changes in Net Assets	16
Cash Flow Statement	17
Statement of Comparison of Budget and Actual Amounts	18 - 19
Accounting Policies	20 - 37
Notes to the Financial Statements	37 - 73
Appendixes:	
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	74

Directors' Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, the Municipal Finance Management Act (Act 56 of 2003) as well as any relevant Act.

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

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

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

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

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

Approval of annual financial statements:

The financial statements set out on page 129, have been prepared on the going concern basis, were approved by the on 30 November 2021 and were signed on its behalf by:

Mr. M Hleko
Interim Board Chairperson

Mr C Dyani
Chief Executive Officer (Acting)

Audit and Risk Committee's Report

This Audit and Risk Committee report is presented as recommended by the King Code on Corporate Governance and Regulation 3.1.13 of the Treasury Regulations. The Audit and Risk Committee performs its functions in accordance with section 94(7) of the Companies Act and section 166 of the Municipal Finance Management Act (MFMA). The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Board has assigned oversight of the risk management function to the Committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

Composition of the Audit Committee and Attendance

Membership

The Audit and Risk Committee consists of one non-executive directors and three independent committee members.

The CEO, CFO, Senior Manager: Internal Audit and Senior Manager: Compliance are required to attend meetings of the Committee. The external auditors together with other COJ shareholder representatives attend the meetings by invitation.

Committee Meetings

The Committee is required to meet a minimum of four times per annum as per the provisions of the Municipal Finance Management Act (MFMA). The committee had four(4) ordinary and three(3) special meetings were held during the financial year under review.

NAME OF MEMBER	ROLE	APPOINTMENT/ OR END DATE	QUALIFICATIONS	No of Meetings
Mr R Chetty (Chairperson)	Non -Executive Director	11 March 2020 - 03 July 2020	CA(SA) Registered Auditor	0/7
Ms Z Ngwepe	Independent Committee Membe	03 March 2021	B.Com; B.Com Accounting Honours; CA(SA)	1/7
Mr V Chepape	Independent Committee Membe	11 March 2020	Community Based Development (UNISA), Board Leadership Programe, Technical and Financial Evaluation in Mineral Projects, Public Finance, Monetary Policy, Environmental and Sustainable Development Law, Prospecting and Mining Law m	7/7
Mr M Diko	Independent Committee Member	11 March 2020 - 29 July 2021	BSc Masters in Development Communication Certificate in Municipal Finance	0/6

Audit and Risk Committee's Report

Mr A Mokwena	Independent Committee Member	17 April 2019	MBA Post Grad Dip Taxation Professional Accountant Post Grad Dip in Accounting Science B Compt	7/7
Dr T Xaba (Chairperson)	Non -Executive Director	03 March 2021	PhD in Business Management Administration, Masters in Development Finance, Advanced Diploma in Economic Policy, Postgraduate in Land and Agrarian Studies, B-Tech Agriculture Management, National Diploma in Agriculture Resource Utilisation	2/7
Lionel Brenner	Independent Committee Member	29 July 2020 - 03 March 2021	CA (SA), B.Com & B.Compt (Hons)	

Summary of the main activities undertaken by the Audit and Risk Committee during the year

In executing its duties, the Audit and Risk Committee performed the following activities during the year:

External Audit

-Reviewed and approved the audit plan with the Auditor-General, with specific reference to the proposed audit scope and approach, as well as recommend the audit fee;

-Reviewed and discussed the Annual Financial Statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;

Audit and Risk Committee's Report

Internal Audit

-Considered the effectiveness of Internal Audit, which included approving the one-year operational and three-year strategic internal audit plans and monitored Internal Audit's adherence to its annual programme;
-Received and reviewed reports from internal auditors concerning the effectiveness of the company's internal control environment, systems and processes;
-Reviewed the adequacy and appropriateness of management's corrective action plan as a consequence of audit findings; and
-Made appropriate recommendations regarding the corrective actions to be taken as a consequence of the audit findings.

Risk Management

The Board has assigned oversight of the company's risk management function to this Committee. The Committee fulfills an oversight role regarding enterprise wide risk management, which includes financial reporting risk, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

-Oversee the adoption of the risk management policy, risk management framework and risk management processes, along with the development of a risk management plan.
-Monitor the implementation of the risk management policy, framework and processes
-Oversee the risk assessment are performed on a continuous basis
-Oversee that management considers and implements appropriate risk control measures
-Oversee that continuous risk monitoring by management takes place
-Make recommendations to the Board concerning the risk appetite and risk tolerance matrix in line with City of Joburg Framework
-Express the committees formal opinion to the Board on the effectiveness of risk management,
-Review the report concerning the risk management that is to be included in the annual report, ensuring that it is timely, comprehensive and relevant.

General

-Reviewed the accounting practices adopted by the company and found those to be appropriate
-Monitored the company's compliance with applicable legislation and regulations including, without limitation, the MFMA, the Treasury Regulations and the Companies Act; and
-Reported on items of fruitless and wasteful and irregular expenditure in terms of the MFMA.
-Finalized high risk matters in the year under review

Assessment of Internal Audit

The Audit and Risk Committee is not satisfied that the internal audit function is operating effectively and that it has addressed the mitigating controls of the risks pertinent to the company in its audit. The entity has given assurances that this matter is receiving urgent attention and will be fully functional in the new year.

Internal Control Environment

The internal control environment has been a focus area of management in ensuring operating effectiveness of financial controls. The system of internal control was effective for the year under review.

The Audit and Risk Committee is satisfied with the content and quality of quarterly and yearly management reports prepared and issued by the Accounting Officer of the company during the year under review in terms of the MFMA.

Going Concern

The committee considered the going concern premise of the company before recommending to the board that the company will be a going concern in the foreseeable future.

Auditor-General South Africa

The Audit and Risk Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues

Assessment of the Financial Function and Competency of the Chief Financial Officer

As required by King Code, the Audit and Risk Committee is required to assess the company's financial function as well as the competency of the Chief Financial Officer. The Audit and Risk Committee has performed this assessment and accordingly the

Audit and Risk Committee's Report

Audit and Risk Committee is satisfied with:

The expertise and adequacy of the resources within the financial function of the company;
The experience of the senior members of management responsible for the financial function; and
That the expertise and experience of the Chief Financial Officer is appropriate to meet the responsibilities commensurate with the position.

Annual Financial Statements

The Audit and Risk Committee has evaluated the annual financial statements for the year ended 30 June 2021 and considers that it complies, in all material aspects, with the requirements of the MFMA and the Public Audit Act, no 25 of 2004. The Audit and Risk Committee has therefore recommended for the adoption of the Audited Annual Financial Statements by the Board of Directors at their meeting on 30 November 2021.

The Audit and Risk Committee has evaluated the draft Integrated Annual Report for the year ended 30 June 2021 and considers that it complies, in all material respects, with the requirements of the Companies Act, 71 of 2008 and the Municipal Finance Management Act, 56 of 2003. The Audit and Risk Committee has therefore recommended for the adoption of the draft Integrated Report by the Board of Directors at their meeting on 30 November 2021.

Dr T Xaba
Chairperson of the Audit and Risk Committee

30 November 2021
Johannesburg

Directors' Report

The directors hereby submit their report for the year ended 30 June 2021.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is a municipal entity, engaged in the provision of infrastructure to distribute fresh produce and operates principally in the City of Johannesburg .

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

The total turnover generated by the entity was R8,614,701,694 (2020:R8,104,558,410) and the revenue recognised is R531,299,873 (2020:R508,008,458) of which an average of 80% is the main revenue - commission.

Net surplus of the entity was R101,750,939 (2020: R96,481,258).

3. GOING CONCERN

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

The current assets of the entity exceeds its current liabilities at year end by R430,156,936 (2020:R432,412,947). Included in current liabilities is an amount of R4,206,289 (2020:R6,100,405) relating to current portion of loans from the shareholder which is payable in the coming year. The directors are confident that the entity will meet all its obligations in the coming financial year.

Covid-19 has turned the global economy upside down. In spite of the gloomy picture painted by the pandemic, Joburg Market's performance for the year under review was not negatively affected as the actual turnover performance rose by R510,143,284(R8,614,701,694 compared to prior year of R8,104,558,410).

4. SUBSEQUENT EVENTS

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

5. DIRECTORS' PERSONAL FINANCIAL INTERESTS

All of the directors have declared that they do not have any personal financial interests in any contracts entered into by the entity.

6. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting standards and Municipal Finance Management Act.

There were no changes in accounting policies during the year.

7. SHARE CAPITAL / CONTRIBUTED CAPITAL

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

The entire shareholding of the entity is held by The City of Johannesburg Metropolitan municipality.

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

Directors' Report

8. BORROWING LIMITATIONS

In terms of the sale of business agreement, The Joburg Market SOC Limited does not have the authority to borrow on its own behalf. All external funding is managed under the auspices of The City of Johannesburg Metropolitan Municipality's treasury department.

9. NON-CURRENT ASSETS

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

Property plant and equipment to the value of R135,020,752(2020 R29,133,395) and intangible assets to the value of R0 (2020: R0) were acquired during the year under review.

10. DIVIDENDS

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

11.

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

Name	Nationality	Changes
Mr S Clarke (Chairperson)	South African	Retired 03 March 2021
Mr R Chetty	South African	Resigned 03 July 2020
Pr S Botha	South African	Retired 03 March 2021
Ms D Hamilton	South African	Retired 03 March 2021
Ms M Liebenberg	South African	Retired 03 March 2021
Mr T Ferreira	South African	Retired 03 March 2021
Mr A Smith	South African	Retired 03 March 2021
Ms O Mathebe	South African	Retired 03 March 2021
Mr M Phupha	South African	Retired 03 March 2021
Dr M Makwarela (Chairperson)	South African	Appointed 03 March 2021
Dr T Xaba	South African	Appointed 03 March 2021
Mr D Johane	South African	Appointed 03 March 2021
Mr M Phalane	South African	Appointed 03 March 2021
Mr Z Xalisa	South African	Appointed 03 March 2021
Ms S Petersen	South African	Appointed 03 March 2021
Ms V Magale	South African	Appointed 03 March 2021
Mr M Hleko	South African	Appointed 03 March 2021
Ms N Moiloa	South African	Appointed 03 March 2021
Dr M Dyasi	South African	Appointed 03 March 2021
Ms T Shezi	South African	Appointed 03 March 2021
Ms B Maclare	South African	Appointed 03 March 2021
Ms L Ababio (Acting Chief Financial Officer)	South African	Appointed 06 May 2021
Mr S Dlamini (Chief Financial Officer)	South African	Retired 30 June 2021
Mr B Ngubo (Acting Chief Executive Officer)	South African	Appointed 06 May 2021
Ms L Williams (Chief Executive Officer)	South African	Appointed 20 May 2020

Directors' Report

12. SECRETARY

Mr K Singh was appointed as secretary as of 01 March 2021

Business address	4 Fortune Road (Off Heidelberg Road) City Deep Johannesburg 2049
Postal address	P O Box 86007 City Deep Johannesburg 2049

13. CORPORATE GOVERNANCE

General

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

The Board of directors have endeavoured to comply with the requirements of the King Code including integrated and sustainability reporting, which has been adopted using the City of Johannesburg Municipality's recommended template.

Board of directors

The Board of directors:

- Retains full control over the entity, its plans and strategy;
- Acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- Is of a unitary structure comprising:

  - 12 non-executive directors, all of whom are independent directors as defined in the King Code of Corporate Governance.
  - 2 executive directors; Chief Executive Officer and Chief Financial Officer.

Chairperson and Chief Executive Officer

The Chairperson is an independent non-executive director (as defined in the King Code of Good Corporate Governance).

The roles of Chairperson and Chief Executive Officer are separate, so that no individual has unfettered powers of discretion.

Remuneration

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

Directors' Report

Board and committee meetings

The directors have met on 19 separate occasions during the financial year. The directors were scheduled to meet less times within the year. Change in the Executive Management as well as addressing matters relating to COVID-19 necessitated the additional special meetings.

Non-executive directors have access to all members of management of the entity. The board is also expected to meet with the shareholder on a quarterly basis.

Name	Board Meeting	Audit & Risk committee meeting	Remunerati on Social and ethics committee meeting
Total number of meetings held	**19**	**7**	**6**
Mr S Clarke (Chairperson)*	8		
Pr S Botha*	6		3
Ms D Hamilton*	2	-	3
Ms M Liebenberg*	6		3
Mr T Ferreira*	6		
Mr A Smith*	7		3
Ms O Mathebe*	4		3
Mr M Phupha*	3		2
Dr M Makwarela (Chairperson)***	11		
Dr T Xaba***	10		
Mr D Johane***	8		
Mr M Phalane***	9		
Mr Z Xalisa ***	9		3
Ms S Petersen***	9		3
Ms V Magale***	10		
Mr M Hleko***	9		
Ms N Moiloa ***	9		3
Dr M Dyasi***	10		3
Ms T Shezi***	10		3
Ms B Maclare***	9		3
Ms L Williams (Chief Executive Officer)*****	15		2
Mr B Ngubo (Acting Chief Executive Officer)****	11		5
Ms L Ababio (Acting Chief Financial Officer)****			
Ms L Ababio (Acting Chief Financial Officer)****	4		
Independent audit committee members:			
Ms Z Ngwepe***	-	1	
Mr A Mokwena	-	7	
Mr V Chepape	-	7	

The members did not all serve for the full year:
*Retired 03 March 2021.

***Appointed 03 March 2021

Directors' Report

****Appointed 06 May 2021

*****Suspended 06 May 2021

Internal audit

The internal audit function was performed internally. Certain internal audit activities were outsource. This ensured that the internal audit function was effective throughout the period of review.

14. CONTROLLING ENTITY

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

15. SPECIAL RESOLUTIONS

There were no special resolutions taken for the year under review.

16. BANKERS

Standard Bank Limited.

The management of the treasury function is under the auspices of The City of Johannesburg Metropolitan Municipality's Assets and Liabilities Committee and Treasury Directorate.

17. AUDITORS

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

18. CONTINGENCIES

Joburg Market has in previous financial years reported long outstanding legacy litigation matters. For the year under review the exposure on litigation has decreased substantially compared to the previous year. Disputes with employees increased compared to the prior year. Refer to note 28.

19. CURRENT INVESTIGATIONS

Investigations on unauthorised, irregular, fruitless and wasteful expenditure were performed during the financial year in relation to current and prior years. Those that were finalised and disciplinary action recommended, action was taken by the organisation. For investigations that are still ongoing, the entity will await the finalisation thereof and implement the recommendations as directed.

Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, I certify that, to the best of my knowledge and belief, the entity has lodged and/ or filed, for the financial year ended 30 June 2021, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Ms N Limpic
Company Secretary (Acting)

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Loans to shareholder	5	402 303 758	436 708 612
Current tax receivable		27 991 924	25 140 656
Operating lease asset		89 290	-
Receivables from exchange transactions	8	66 084 295	39 068 814
VAT receivable	9	18 736 088	4 966 404
Cash and cash equivalents	10	208 341 770	194 652 393
		723 547 125	**700 536 879**
Non-Current Assets			
Investment property	2	31 037 015	17 330 047
Property, plant and equipment	3	404 733 733	318 958 719
Intangible assets	4	1 774 557	3 923 648
Deferred tax	6	12 590 825	11 745 748
		450 136 130	**351 958 162**
Non-Current Assets		450 136 130	351 958 162
Current Assets		723 547 125	700 536 879
Total Assets		**1 173 683 255**	**1 052 495 041**
Liabilities			
Current Liabilities			
Loans from shareholder	5	4 206 289	6 100 405
Payables from exchange transactions	13	281 029 552	257 177 373
Provisions	12	7 554 085	4 826 002
Bank overdraft	10	-	20 152
		292 789 926	**268 123 932**
Non-Current Liabilities			
Loans from shareholder	5	-	4 206 289
Employee benefit obligation	7	2 812 000	2 453 000
Deferred tax	6	9 452 571	11 300 848
		12 264 571	**17 960 137**
Non-Current Liabilities		12 264 571	17 960 137
Current Liabilities		292 789 926	268 123 932
Total Liabilities		**305 054 497**	**286 084 069**
Assets		1 173 683 255	1 052 495 041
Liabilities		(305 054 497)	(286 084 069)
Net Assets		**868 628 758**	**766 410 972**
Share capital / contributed capital	11	20 000 000	20 000 000
Accumulated surplus		848 628 758	758 177 722
Total Net Assets		**868 628 758**	**778 177 722**

* See Note 31

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Commission		435 274 664	408 365 926
Storage		3 785 484	4 091 242
Rental of facilities and equipment		54 957 567	51 861 910
Banana ripening		1 113 680	610 535
Miscellaneous other revenue		1 155 035	1 151 366
Discount received		3 772	-
Sundry revenue		1 511 557	2 725 885
Cash handling fees		4 653 878	4 342 256
Interest received	15	26 273 733	34 859 338
Total revenue from exchange transactions		**528 729 370**	**508 008 458**
Revenue from non-exchange transactions			
Transfer revenue			
Decrease in Bad Debt Provision		2 570 503	-
		528 729 370	508 008 458
		2 570 503	-
Total revenue	14	**531 299 873**	**508 008 458**
Expenditure			
Employee related costs	16	(167 950 637)	(148 492 289)
Management Fee		(2 894 585)	(3 356 396)
Depreciation and amortisation	17	(25 463 931)	(25 838 467)
Impairment loss	18	(9 817 044)	(5 928 654)
Finance costs	19	(915 164)	(1 731 367)
Lease rentals on operating lease		(978 155)	(582 973)
Debt impairment	20	(6 760)	(8 671 471)
Loss on disposal of assets and liabilities		(2 407 245)	(535 020)
Actuarial losses		(293 289)	(209 815)
General expenses	21	(171 643 757)	(172 821 809)
Total expenditure		**(382 370 567)**	**(368 168 261)**
		-	-
Total revenue		528 729 370	508 008 458
Total expenditure		(382 370 567)	(368 168 261)
Operating surplus		146 358 803	139 840 197
		-	-
Surplus before taxation		**148 929 306**	**139 840 197**
Taxation	23	47 178 367	43 358 939
Operating surplus/deficit		-	-
Surplus before taxation		148 929 306	139 840 197
Taxation		47 178 367	43 358 939
Surplus for the year		**101 750 939**	**96 481 258**

* See Note 31

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
*** Restated Balance at 01 July 2019**	**1**	**19 999 999**	**20 000 000**	**661 696 464**	**681 696 464**
Changes in net assets					
Restated* Surplus for the year	-	-	-	96 481 258	96 481 258
Total changes	-	-	-	96 481 258	96 481 258
Opening balance as previously reported	1	19 999 999	20 000 000	758 177 722	778 177 722
Adjustments					
Prior year adjustments	-	-	-	(11 299 903)	(11 299 903)
Restated* Balance at 01 July 2020 as restated*	**1**	**19 999 999**	**20 000 000**	**746 877 819**	**766 877 819**
Changes in net assets					
Surplus for the year	-	-	-	101 750 939	101 750 939
Total changes	-	-	-	101 750 939	101 750 939
Balance at 30 June 2021	**1**	**19 999 999**	**20 000 000**	**848 628 758**	**868 628 758**
Note(s)	11	11	11		

* See Note 31

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		554 925 755	486 866 177
Interest income		26 273 733	33 821 960
		581 199 488	520 688 137
Payments			
Employee costs		(164 852 571)	(140 278 295)
Suppliers		(199 285 500)	(134 762 305)
Finance costs		(915 164)	(1 522 367)
Taxes on surpluses	25	(52 066 828)	(54 276 526)
		(417 120 063)	(330 839 493)
Total receipts		581 199 488	520 688 137
Total payments		(417 120 063)	(330 839 493)
Net cash flows from operating activities	24	**164 079 425**	**192 419 145**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(109 864 638)	(33 084 904)
Loan to shareholder - Sweeping account		(34 404 854)	(127 453 448)
Net cash flows from investing activities		**(144 269 492)**	**160 538 352**
Cash flows from financing activities			
Repayment of shareholders' loan		(6 100 404)	(8 192 499)
Net increase in cash and cash equivalents		**13 709 529**	**23 688 294**
Cash and cash equivalents at the beginning of the year		194 632 241	170 943 947
Cash and cash equivalents at the end of the year	10	**208 341 770**	**194 632 241**

* See Note 31

Joburg Market (SOC) Limited

(Registration number 2000/023383/07)
Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	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
2021											
Financial Performance											
Investment revenue	35 542 036	(1 687 561)	33 854 475	-		33 854 475	26 273 733		(7 580 742)	78 %	74 %
Other own revenue	500 946 719	(3 978 570)	496 968 149	-		496 968 149	505 026 140		8 057 991	102 %	101 %
Total revenue (excluding capital transfers and contributions)	**536 488 755**	**(5 666 131)**	**530 822 624**	-		**530 822 624**	**531 299 873**		**477 249**	**100 %**	**99 %**
Employee costs	(154 393 000)	(7 078 213)	(161 471 213)	-	-	(161 471 213)	(167 950 673)	-	(6 479 460)	104 %	109 %
Depreciation and asset impairment	(27 965 447)	425 429	(27 540 018)			(27 540 018)	(35 280 975)	-	(7 740 957)	128 %	126 %
Finance charges	(10 283 606)	349 070	(9 934 536)	-	-	(9 934 536)	(915 164)	-	9 019 372	9 %	9 %
Other expenditure	(161 912 201)	(37 989 205)	(199 901 406)	-	-	(199 901 406)	(178 223 755)	-	21 677 651	89 %	110 %
Total expenditure	**(354 554 254)**	**(44 292 919)**	**(398 847 173)**	-	-	**(398 847 173)**	**(382 370 567)**	-	**16 476 606**	**96 %**	**108 %**
Total revenue (excluding capital transfers and contributions)	536 488 755	(5 666 131)	530 822 624	-	-	530 822 624	531 299 873	-	477 249	100 %	99 %
Total expenditure	(354 554 254)	(44 292 919)	(398 847 173)	-	-	(398 847 173)	(382 370 567)	-	16 476 606	96 %	108 %
Surplus/(Deficit)	**181 934 501**	**(49 959 050)**	**131 975 451**	-		**131 975 451**	**148 929 306**		**16 953 855**	**113 %**	**82 %**
Surplus/(Deficit)	181 934 501	(49 959 050)	131 975 451	-	-	131 975 451	148 929 306	-	16 953 855	113 %	82 %
Taxation	50 941 660	(13 988 534)	36 953 126	-		36 953 126	47 178 367		10 225 241	128 %	93 %
Surplus (Deficit) after capital transfers and contributions	181 934 501	(49 959 050)	131 975 451	-	-	131 975 451	148 929 306	-	16 953 855	113 %	82 %
Taxation and minorities	(50 941 660)	13 988 534	(36 953 126)	-	-	(36 953 126)	(47 178 367)	-	(10 225 241)	128 %	93 %
Surplus/(Deficit) for the year	**130 992 841**	**(35 970 516)**	**95 022 325**	-		**95 022 325**	**101 750 939**		**6 728 614**	**107 %**	**78 %**

Joburg Market (SOC) Limited

(Registration number 2000/023383/07)
Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	200 410 000	(1 000 000)	199 410 000	-		199 410 000	134 998 919		(64 411 081)	68 %	67 %

Management considers a variance of 10% or more as material. A detailed description of variances is provided below:

<u>Expenditure</u>

1. Employee costs - Over budget is a result of paying for two executives where one was on suspension. The other contributor is the provisions related to employee cost and the increase in hours worked by the cleaners in order to clean JM premises.

2. Depreciation and asset Impairment - Over budget due to the impairment of plant and machinery.

3. Other Expenditure - Under budget due to under spending on repairs and maintenance as a result of lower than expected spending on machinery, tools and electrical work repairs. The other element that has contributed to the under budget is also the under billing by Joburg Water for Water and Sewage Services.

<u>Capital expenditure</u>

4. The budget for the year under review for capital expenditure was R199.4m and actual capital expenditure incurred by 30 June 2021 amounted to R134.9m which represents 67.7% of actual spend.

Accounting Policies

1. Presentation of Financial Statements

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.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions are to be developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated where material. 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 material. Where the error is immaterial, the full effect is accounted for in the current year. Where there has been a change in accounting policy or reclassification in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Assets, liabilities, revenues and expenses were not offset, except where offsetting was required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern at least twelve months from the end of the reporting period.

1.3 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.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements in conformity with GRAP, management is required to use professional judgment, estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Future actual results could differ from these estimates which may be material to the Annual Financial Statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Effect of changes in estimates are accounted for on a prospective basis in the statement of financial performance.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market value of other similar instruments, discounted cash flow analysis and option pricing models. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

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

Impairment of property, plant and equipment

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the fair value assumption may change which may have an impact on 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 assets and contingent liabilities

Management's judgment is required when recognising and measuring provisions, contingent liabilities and contingent assets. Provisions are raised based on current information available to management.

A provision is recognised when the municipal entity has a present legal or constructive obligation as a result of a past even 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.

Employee benefit obligation

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

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

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual value

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 judgment which takes into account the condition of assets at the end of their useful life.

Budget information

Management makes a judgment as to which variances are regarded as material. Management considers a variance of 10% or more as material and all material variances are explained in the notes to the annual financial statements

1.5 Investment property

Definition

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation excluding property held for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations

Recognition

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

Initial measurement

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

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

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

Subsequent measurement

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

Investment property comprise of land which is not depreciated.

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

Item	Average useful life
Investment property	30 years

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

Derecognition

Accounting Policies

1.5 Investment property (continued)

The entity derecognises investment property on disposal, or when no future economic benefits or service potential are expected from its use or disposal. If the entity has recognised in the carrying amount of an investment property, the cost of a replacement part, it derecognises the carrying amount of the replaced part. As investment property is accounted for using the cost model, a replaced part is not a part that was depreciated separately. If it is not practicable for the entity to determine the carrying amount of the replaced part, the entity uses the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.The gain or loss arising from derecognition of investment property is recognised in the statement of financial performance.

1.6 Property, plant and equipment

Definition

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

Recognition

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

Initial measurement

Property, plant and equipment is initially measured at cost.

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

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

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

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

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 a straight line basis over their expected useful lives to their estimate 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 entity.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	10 - 30 years
Roads	Straight line	10 - 30 years
Plant and machinery	Straight line	10 - 17 years
Furniture and fixtures	Straight line	7 - 15 years
Motor vehicles	Straight line	8 - 10 years

Accounting Policies

1.6 Property, plant and equipment (continued)

Office equipment	Straight line	7 - 13 years
IT equipment	Straight line	5 - 12 years
Finance leased assets	Straight line	3 - 5 years

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 entity 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.

Assets held under finance leases are depreciated based on the lower of lease term or expected useful life. When it is reasonable certain that ownership will be transferred to the lessee at end of lease term, the leased asset will be depreciated over the useful life of the asset. Depreciation is recognised in the statement of financial performance.

The entity assesses at each reporting date whether there is any indication that its expectation about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such exists, the entity will revise the expected useful life and/or residual value accordingly. The change will be accounted for as a change in an accounting estimate in accordance with the relevant GRAP standard. In assessing whether there is any indication that the expected useful life of an asset has changed, the entity considers; the composition of the asset change during the reporting period and the factors influencing the change in the use of the asset. In assessing any indications pertaining to the residual value, the entity considers any changes regarding the expected timing of disposal of the asset.

The entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, it shall estimate the recoverable service amount of the asset.

The depreciation charge for each period is recognised in the statement of financial performance unless it is included in the carrying amount of another asset.

Derecognition

The entity derecognises property, plant and equipment on disposal, or when no future economic benefits or service potential are expected from its use or disposal. If the entity had recognised a replacement part at a carrying amount, the entity derecognises the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it is not practicable for the entity to determine the carrying amount of the replaced part, the entity uses the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.The gain or loss arising from derecognition of property, plant and equipment is recognised in the statement of financial performance.

1.7 Intangible assets

Definition

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Recognition

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Initial recognition

Accounting Policies

1.7 Intangible assets (continued)

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.

Subsequent measurement

Under the cost model 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 life are amortised on the straight-line basis over their useful lives.

Intangible assets with an indefinite useful life are not amortised but will be tested for impairment when there is an indicator. The entity reviews the useful life of an intangible asset with an indefinite useful at each reporting period to determine whether events and circumstances continue to support an indefinite useful life for that asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 - 7 years

The amortisation charge for each period is recognised in the statement of financial performance.

Derecognition

The entity derecognises intangible assets; on disposal, when there is no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of intangible assets is recognised in the statement of financial performance.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The entity enters into contractual agreements with other parties that have clear economic consequences that the parties involved have little, if any, discretion to avoid, usually because the agreement is enforceable by law.

Classification

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

Class
Cash and cash equivalent
Receivables from exchange transactions
Loans to shareholders

Class
Payables from exchange transactions
Loans from shareholder

Accounting Policies

1.8 Financial instruments (continued)

Initial recognition

The entity recognises a financial instrument when the entity becomes a party to the contractual provisions of the instrument.

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

Accounting Policies

1.8 Financial instruments (continued)

Financial assets and financial liabilities

Financial assets

A financial asset is a) cash; b) a residual interest of another entity; or (c) a contractual right to:
(i) Receive cash or another financial asset from another entity; or
(ii) Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Receivables from exchange transactions

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

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

Loans to shareholder

Loans to shareholder are classified as financial assets measured at amortised cost.

Cash and cash equivalents

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

All receivables are on accrual basis except for VAT which is on a cash basis.

Financial liabilities

A financial liability is any liability that is a contractual obligation to: a) deliver cash or another financial asset to another entity; or b) exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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.

Loans from shareholder

Loans from shareholder are classified as financial liabilities which are initially recognised at fair value and subsequently measured at amortised cost.

Payables from exchange transactions

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

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises a financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) where:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party.

Financial liabilities

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

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.

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.

1.9 Tax

Current tax assets and liabilities

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

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

Accounting Policies

1.9 Tax (continued)

Deferred tax assets and liabilities

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

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the statement of financial performance for the period.
Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.10 Leases

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

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

Finance leases - lessee

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

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

Any contingent rent is expensed in the period in which it is incurred.

1.11 Impairment of 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.

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.

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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in the statement of financial performance

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, 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.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The entity assesses 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 the statement of financial performance.

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.

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are classified according to the substance of the contractual arrangements entered into.

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

1.13 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 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 entity recognises the expected cost of bonus 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.

Accounting Policies

1.13 Employee benefits (continued)

Defined contribution plans

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

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

Defined benefit plans

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 interim 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.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement. The entity does not only account for the legal obligation under formal terms but also for any constructive obligation that arises from the entity's informal practices.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation less fair value of planned assets out of which obligations are to be settled directly, plus any liability that may arise as a result of the minimum funding requirement.

Other post retirement obligations

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

Expense relating to provisions is presented in the statement of financial performance.

1.14 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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

Provisions are not recognised for future operating deficits.

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

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

Contingent assets and contingent liabilities are not recognised but are separately disclosed. 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 is probable.

1.15 Commitments

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

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

1.16 Revenue from exchange transactions

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

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

Measurement

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

1.16 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Interest
Interest revenue is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.
  Interest is recognised on a time-proportion basis in the statement of financial performance, using the effective interest rate method.

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

1.17 Borrowing costs

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

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

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure which was incurred and identified during the financial year is 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 written off by the council is initially recognised as expenditure based on its nature and after further investigations classified to receivables and income. 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.

1.19 Irregular expenditure

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

Irregular expenditure which was incurred and identified during the current financial year but was still waiting to be written off or condoned by a council at year end, is disclosed in the irregular expenditure note to financial statements. The amount recorded is equal to the value of the irregular expenditure incurred.

Irregular expenditure is only removed from the balance of irregular expenditure note when it is either condoned or written off by the council in terms of MFMA or recovered from the liable official.

1.20 Value-added tax (VAT)

The entity is registered with the South African Revenue Services (SARS) for VAT on invoice basis, in accordance with section 15(1) of the VAT Act No.89 of 1991.

Accounting Policies

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Management is considered a related party, and comprises of the Board of Directors, Chief Financial Officer, Chief Operating Officer and Executives.

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

Related party relationships where control exists are disclosed. The entity 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.

1.22 Events after reporting date

Events after 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 will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date.

The entity 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.

1.23 Statements on GRAP issued but not yet effective

At the date of authorisation of these Annual Financial Statements, the following standards of GRAP were in issue but not yet effective or adopted during the period under review:

Name	Effective date
GRAP 25 - Employee Benefits	Not yet effective
GRAP 104 - Financial Instruments	Not yet effective

The effect as of the above standards will have no material impact on the financial statements

Accounting Policies

1.23 Statements on GRAP issued but not yet effective (continued)

Notes to the Financial Statements

Figures in Rand	2021	2020

2. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	54 228 137	(23 191 122)	31 037 015	38 805 927	(21 475 880)	17 330 047

Reconciliation of investment property - 2021

	Opening balance	Transfers	Depreciation	Total
Investment property	17 330 047	15 422 210	(1 715 242)	31 037 015

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	18 623 553	(1 293 506)	17 330 047

2. Investment property (continued)

Details of property

Investment property was purchased from The City of Johannesburg Metropolitan Municipality. In terms of the sale agreement signed in May 2003, Joburg Market has rights to this property and is awaiting the finalisation of the transfer process from COJ.

Investment property consists of the following properties;

Stand 118 City Deep Extension 2, Johannesburg, Gauteng - comprising retail shops, hall 1, 2 and 9.

The market value of the property as determined by an independent valuer in the Current financial year is R53 000 000.

Valuation of Investment property

An external, independent valuation entity, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the entity's investment property portfolio every two years.

Valuation method

In the previous year, the JM property was valued and the purpose of the valuation was to determine the fair market value, rental determination and replacement cost estimate.

The method of valuation employed was the Income Capitalisation Approach. The net normalised income of the property was determined based on the assumption that the property is fully let at open market rentals; market escalation applies and incurs market related operating costs. The net normalised income was then capitalised into perpetuity using a market related capitalisation rate to reflect the open market value.

As a cross reference the Comparable Sales Approach was also utilised. The value indicated was established by comparing the subject property with similar properties, called comparable sales. Comparable sales are recent property transaction that were sold in accordance with the definition of market value. The valuer considered a comparable sales rate

As a third reference the Depreciated Replacement Cost Method was utilised in order to determine the replacement value of the subject property. This method allows for the calculation of the current replacement costs of the improvements that are then depreciated based on physical, functional, economical depreciation and buyers resistance.

The gross property rental income earned by the entity from its investment property, all of which are leased out to tenants, amounted to R26,911,378 (2020:R24,614,841).

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 entity.

During the year, no assets were pledged as security.

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 639 000	-	17 639 000	17 639 000	-	17 639 000
Buildings	292 523 435	(131 052 795)	161 470 640	275 277 058	(115 380 785)	159 896 273
Roads	54 779 519	(7 375 542)	47 403 977	42 404 676	(5 952 014)	36 452 662
Plant and machinery	88 619 091	(37 541 757)	51 077 334	86 268 171	(37 509 424)	48 758 747
Furniture and fixtures	3 982 107	(2 090 657)	1 891 450	5 911 305	(3 575 997)	2 335 308
Motor vehicles	1 605 559	(1 397 373)	208 186	1 605 559	(1 362 630)	242 929
Office equipment	1 296 921	(559 814)	737 107	1 794 481	(876 665)	917 816
IT equipment	36 272 531	(20 808 341)	15 464 190	34 576 078	(18 300 622)	16 275 456
Finance leased assets	783 873	(783 873)	-	783 873	(783 873)	-
Capital work in progress	121 918 622	(13 076 773)	108 841 849	47 450 846	(11 010 318)	36 440 528
Total	**619 420 658**	**(214 686 925)**	**404 733 733**	**513 711 047**	**(194 752 328)**	**318 958 719**

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	17 639 000	-	-	-	-	-	17 639 000
Buildings	159 896 273	2 382 176	(377 266)	15 675 401	(9 358 334)	(6 747 610)	161 470 640
Roads	36 452 662	-	-	12 374 843	(1 423 528)	-	47 403 977
Plant and machinery	48 758 747	8 223 362	(1 802 378)	3 518 438	(6 617 856)	(1 002 979)	51 077 334
Furniture and fixtures	2 335 308	-	(36 568)	-	(407 290)	-	1 891 450
Motor vehicles	242 929	-	-	-	(34 743)	-	208 186
Office equipment	917 816	122 475	(138 733)	-	(164 451)	-	737 107
IT equipment	16 275 456	2 834 171	(40 906)	-	(3 604 531)	-	15 464 190
Computer software	-	-	-	-	-	-	-
Capital work in progress	36 440 528	121 458 568	-	(46 990 892)	-	(2 066 355)	108 841 849
	318 958 719	**135 020 752**	**(2 395 851)**	**(15 422 210)**	**(21 610 733)**	**(9 816 944)**	**404 733 733**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	17 639 000	-	-	-	-	-	17 639 000
Buildings	166 635 922	-	-	2 597 098	(9 336 747)	-	159 896 273
Roads	37 456 178	-	-	461 144	(1 464 660)	-	36 452 662
Plant and machinery	55 263 412	-	(206 751)	461 280	(6 759 194)	-	48 758 747
Furniture and fixtures	1 477 112	1 226 978	(11 957)	-	(356 825)	-	2 335 308
Motor vehicles	321 285	-	-	-	(78 356)	-	242 929
Office equipment	996 348	119 964	(19 806)	-	(178 690)	-	917 816
IT equipment	13 206 139	3 421 380	(296 506)	3 800 000	(3 855 557)	-	16 275 456
Capital work in progress	25 323 631	24 365 073	-	(7 319 522)	-	(5 928 654)	36 440 528
Finance lease assets	66 576	-	-	-	(66 576)	-	-
	318 385 603	**29 133 395**	**(535 020)**	**-**	**(22 096 605)**	**(5 928 654)**	**318 958 719**

Figures in Rand	2021	2020

3. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	47 403 977	36 452 662

Details of properties

Freehold land and buildings to the value of R 77,582,957 were purchased from The City of Johannesburg Metropolitan Municipality. In terms of the sale agreement signed in May 2003, Joburg Market has rights to this property and is awaiting the finalisation of the deeds transfer process.

The total market value of the freehold land and building as determined by an independent valuer in the previous years is R680 000 000.

Land and buildings comprise of the following properties:

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

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 municipal entity.

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Sweating of Assets project	-	1 103 903
Electricity reticulation project	-	935 000
Sprinkler installation project	6 287 673	6 287 673
	6 287 673	**8 326 576**

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	36 440 528	-	36 440 528
Additions/capital expenditure	90 052 202	31 421 366	121 458 568
Impairment Loss	-	(2 066 355)	(2 066 355)
Transferred to completed items	(43 472 453)	(3 518 439)	(46 990 892)
	83 020 277	**25 836 572**	**108 841 849**

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	39 420 370	-	39 420 370
Additions/capital expenditure	-	4 261 280	4 261 280
Transferred to completed items	(2 979 842)	(4 261 280)	(7 241 122)
	36 440 528	**-**	**36 440 528**

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 on property, plant and equipment aggregated	32 386 540	24 385 602

Notes to the Financial Statements

Figures in Rand	2021	2020

3. Property, plant and equipment (continued)

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 entity.

Notes to the Financial Statements

Figures in Rand

4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	11 590 446	(9 815 889)	1 774 557	14 365 976	(10 442 328)	3 923 648

Reconciliation of intangible assets - 2021

	Opening balance	Disposals	Amortisation	Total
Computer software, other	3 923 648	(11 155)	(2 137 936)	1 774 557

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software, other	6 354 040	(2 430 392)	3 923 648

5. Loans to (from) shareholders

City of Johannesburg Metropolitan Municipality - Capital expenditure loans	(4 206 289)	(10 306 694)
Sweeping account	402 303 758	436 708 612
	398 097 469	**426 401 918**

Current assets	402 303 758	436 708 612
Non-current liabilities	-	(4 206 289)
Current liabilities	(4 206 289)	(6 100 405)
	398 097 469	**426 401 918**

Figures in Rand	2021	2020

5. Loans to (from) shareholders (continued)

Credit quality of loans to shareholders

The credit quality of loans to shareholders that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterpart default rates:

Fair value of loans to and from shareholders

Loans to shareholders	402 303 758	436 708 612
Loans from shareholders	4 206 289	10 306 694

Loans from shareholders past due but not impaired

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

1 month past due	4 206 289	6 100 405

Notes to the Financial Statements

Figures in Rand	2021	2020

5. Loans to (from) shareholders (continued)

Capex loans

Loans at beginning of the year	(10 306 694)	(18 499 143)
Repayments	6 874 158	9 709 410
Interest	(773 753)	(1 516 961)
	(4 206 289)	**(10 306 694)**

The Capex loans bear interest between 9% and 10.4% compounded monthly. The capital repayments are not fixed and the loans are repayable in forty quarterly installments over the duration of the contracts

Sweeping account

Loans at beginning of the year	436 708 612	309 255 164
Receipts	352 340 750	342 897 953
Repayments	(405 730 347)	(237 940 980)
Interest	18 984 743	22 496 475
	402 303 758	**436 708 612**

The sweeping account is unsecured and bears interest at an average rate of 6.60% per annum. The bank balance for the business account is rolled over on a daily basis into the sweeping account. The loan is repayable on demand.

6. Deferred tax

Deferred tax liability

Property, plant and equipment	(9 450 719)	(11 298 534)
Trade and other receivables	(1 852)	(2 314)
Leases	-	4
Total deferred tax liability	**(9 452 571)**	**(11 300 844)**

Deferred tax asset

Trade and other receivables	-	5 988 803
Health care and leases deferred tax asset	787 360	686 840
Trade and other payables and provisions	11 803 465	5 070 101
Total deferred tax asset	**12 590 825**	**11 745 744**

Deferred tax liability	(9 452 571)	(11 300 844)
Deferred tax asset	12 590 825	11 745 744
Total net deferred tax asset	**3 138 254**	**444 900**

Reconciliation of deferred tax asset \ (liability)

At beginning of year	444 900	466 852
Movement in temporary differences	2 693 354	(21 952)
	3 138 254	**444 900**

Recognition of deferred tax asset

An entity is confident that there will be sufficient taxable profit in the foreseeable future against which the deferred tax asset will be utilised.

Notes to the Financial Statements

Figures in Rand	2021	2020

7. Employee benefit obligations

7.1 Defined benefit plan

The actuarial valuations were done by ZAQ Consultants and Actuaries in June 2021, an independent post retirement plan administrator, and they determined that the retirement plans were in a sound financial position, taking into account the notional loan account receivable from the City of Johannesburg Metropolitan Municipality

	2021	2020
Post-retirement liability		
Post-Retirement Medical Aid Plan	(1 002 000)	(972 000)
Retirement Gratuity Plan	(1 810 000)	(1 481 000)
	(2 812 000)	**(2 453 000)**

7.1.1 Post retirement medical aid plan

The Joburg Market SOC Limited has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. There are currently 2 qualifying staff members

	2021	2020
Movements for the year		
Opening Balance	972 000	980 000
Net Expenses/(Surplus) recognised in the statement of Financial Performance	30 000	(8 000)
	1 002 000	**972 000**

	2021	2020
Net expense/(surplus) recognised in the statement of financial performance		
Interest Cost	61 000	88 000
Actuarial (gains)/losses	44 289	(25 506)
Curtailment or Settlement	(75 289)	(70 494)
	30 000	**(8 000)**

Key assumptions used

Assumptions used on last valuation on 30 June 2021

	2021	2020
Discount rate used	6,80 %	6,49 %
Expected increase in salaries	6,25 %	3,72 %

The liability is sensitive to the real rates of return earned (i.e. the difference between the rates of discount and the rate at which medical aid contributions increase)as illustrated below:

- 1% increase in discount rate will increase the liability to R1 037 000.

- 1% decrease in discount rate will decrease the liability to R957 000.

	2021	2020	2019	2018	2017
Post Retirement medical aid plan	1 002 000	972 000	980 000	954 000	903 412

7.1.2 Post retirement gratuity plan

The Joburg Market SOC Limited provides gratuities on retirement or prior death in respect of certain qualifying staff members who have services with The City of Johannesburg Metropolitan Municipality or the Joburg Market SOC Limited when they were not members of one of the retirement funds and who meet certain service requirements in terms of The City of Johannesburg Metropolitan Municipality's conditions of employment. The gratuity amount is based on 1 month's salary per year of non-retirement funding service. There are currently 7 qualifying staff members.

Notes to the Financial Statements

Figures in Rand	2021	2020

7. Employee benefit obligations (continued)

The above liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The Joburg Market SOC Limited who are entitled to benefits that relate to their service with The City of Johannesburg Metropolitan Municipality from the time that the entity was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account and against which the entity may claim benefit payments made. This loan does not constitute a plan asset and in terms of GRAP 25 cannot be offset against the liability. It has however been included in the assets of The Joburg Market SOC Limited.

The plan is a post-employment gratuity benefit plan.

	2021	2020
Movements for the year		
Opening Balance	1 481 000	1 548 000
Net Expenses/(Surplus) recognised in the statement of Financial Performance	329 000	(67 000)
	1 810 000	**1 481 000**

	2021	2020
Net expense/(surplus) recognised in the statement of financial performance		
Interest Cost	80 000	121 000
Actuarial (gains)/losses	249 000	235 321
Curtailment or Settlement	-	(423 321)
	329 000	**(67 000)**

Key assumptions used

Assumptions used on the last valuation at 30 June 2020

	2021	2020
Discount rates used	6,80 %	6,49 %
Expected increase in salaries	6,25 %	3,72 %

The liability is sensitive to the real rate of return earned (i.e. the difference between the rate of discount and the rate at which medical aid contributions increase) as illustrated below:

- 1% increase in discount rate will decrease the liability to R1 877 000.

- 1% decrease in discount rate will decrease the liability to R1 748 000

	2021	2020	2019	2018	2017
Present value of post retirement	1 810 000	1 481 000	1 548 000	1 828 000	2 115 833

7. **Employee benefit obligations (continued)**

7.2 Defined contribution plan

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

During 2005 the City entered into an agreement with the Johannesburg Municipal Pension Fund and the City of Johannesburg Pension Fund to the effect that, in return for payment of an amount of R400 million plus interest from 1 January 2006:

- Except as set out below, the assets and liabilities of the City of Johannesburg Pension Fund will be merged into the Johannesburg Municipal Pension Fund and the City will server all financial ties with the latter Fund.

- The City of Johannesburg Pension Fund will be converted into a defined contribution fund. Members will be given the option of remaining as members of the Fund of the Fund and accruing future benefits on a defined contribution basis or of joining The Joburg Market Retirement Fund in respect of the accrual of future service benefits. Pensioners will be given the opportunity to transfer to an insurer instead of remaining pensioners of the Johannesburg Municipal Pension Fund.

- The settlement amount is to be adjusted to allow for any excess contributions paid until the effective date and for the cost of bonus service in respect of exited members.

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

Notes to the Financial Statements

Figures in Rand	2021	2020

8. Receivables from exchange transactions

	2021	2020
Trade receivables	65 298 879	46 015 461
Prepayments	881 989	849 972
Less : Provisions for impairment	(25 043 719)	(28 518 112)
Sundry receivable	24 827 944	14 387 059
Related party debtors	119 202	6 334 434
	66 084 295	**39 068 814**

Fair value of trade and other receivables

	2021	2020
Trade and other receivables	66 084 295	39 068 814

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R 8 755 865 (2020: R 19 059 997) were past due but not impaired.

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

	2021	2020
1 month past due	2 409 851	12 916 690
2 months past due	3 820 535	2 539 019
3 months past due	2 525 479	3 604 288

Trade and other receivables impaired

As of 30 June 2021, trade and other receivables of R 25 043 719 (2020: R 28 518 112) were impaired and provided for.

The ageing of these loans is as follows:

	2021	2020
3 to 6 months	2 961 776	3 064 190
Over 6 months	22 081 943	25 453 922

Reconciliation of provision for impairment of trade and other receivables

	2021	2020
Opening balance	(28 518 112)	(19 846 733)
Provision for impairment	2 570 503	(8 785 161)
Amounts written off as uncollectible	903 889	-
Unused amounts reversed	-	113 782
	(25 043 720)	**(28 518 112)**

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

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

9. VAT receivable

	2021	2020
VAT	18 736 088	4 966 404

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

Notes to the Financial Statements

Figures in Rand	2021	2020

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	15 000	15 000
Bank balances	208 326 770	183 002 441
Cashier receipts not banked	-	11 634 952
Unpresented cheque's	-	(20 152)
	208 341 770	**194 632 241**

The cashier receipts not banked (R11 634 952) relates to cashier daily takings which were collected by Standard Bank CIT unit and kept at their depot due to COVID-19 delays and not banked by year end.

The amount of R20 152 is a result of cheque's that have not been cashed or presented to the bank. This is in relation to services that were offered to Joburg Market by external service providers and the service providers didn't present the cheque's to the bank for payment.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Standard Bank - Deposit Account - 000-197-033	185 369 534	137 052 057	-	207 849 409	182 357 367	-
Standard Bank - RD Cheque Account - 000-196-991	-	635 572	-	-	635 572	-
Standard Bank- Salary Account - 000-196-924	-	13 699	-	-	9 501	-
Standard Bank- Business Account -000-196-916	-	-	-	477 360	(20 151)	-
Total	**185 369 534**	**137 701 328**	**-**	**208 326 769**	**182 982 289**	**-**

11. Share capital / contributed capital

	2021	2020
Authorised		
1 000 000 Ordinary shares of R0.1 each	10 000	10 000
Issued		
1 Ordinary share rounded up to R1	1	1
Share premium	19 999 999	19 999 999
	20 000 000	**20 000 000**

Notes to the Financial Statements

Figures in Rand	2021	2020

12. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Performance bonus	4 826 002	2 728 083	7 554 085

Reconciliation of provisions - 2020

	Opening Balance	Additions	Total
Performance bonus	2 698 117	2 127 885	4 826 002

Performance bonus was increased by R2 728 083 in the current year.

13. Payables from exchange transactions

	2021	2020
Trade payables	97 865 322	114 750 189
Accrued Leave Pay	12 094 692	9 625 268
Accrued staff 13th cheques	3 723 666	3 656 232
Accruals	-	93 290
Payroll and sundry accruals	38 017 182	11 134 019
Related party creditor	129 328 690	117 918 375
	281 029 552	**257 177 373**

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

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

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

Fair value of trade and other payables

	2021	2020
Trade payables	281 029 552	257 177 374

Notes to the Financial Statements

Figures in Rand	2021	2020

14. Revenue

Commission	435 274 664	408 365 926
Storage	3 785 484	4 091 242
Rental of facilities and equipment	54 957 567	51 861 910
Banana ripening	1 113 680	610 535
Miscellaneous other revenue	1 155 035	1 151 366
Discount received	3 772	-
Sundry revenue	1 511 557	2 725 885
Cash handling fees	4 653 878	4 342 256
Interest received	26 273 733	34 859 338
	528 729 370	**508 008 458**

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

Commission	435 274 664	408 365 926
Storage	3 785 484	4 091 242
Interest received	54 957 567	51 861 910
Banana ripening	1 113 680	610 535
Miscellaneous other revenue	1 155 035	1 151 366
Discount received	3 772	-
Sundry revenue	1 511 557	2 725 885
Cash handling fees	4 653 878	4 342 256
Interest received	26 273 733	34 859 338
	528 729 370	**508 008 458**

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

Bad Debt Recovered	2 507 503	-

15. Investment revenue

Interest revenue		
Bank	6 645 081	11 063 360
Interest earned - SARS	656 165	1 037 378
Interest earned - outstanding debtors	(12 255)	262 125
Interest earned - sweeping account	18 984 742	22 496 475
	26 273 733	**34 859 338**
	-	-
	26 273 733	34 859 338

Notes to the Financial Statements

Figures in Rand	2021	2020

16. Employee related costs

Employee related costs : Salaries and wages	121 668 629	106 524 254
Bonus - 13th cheque and performance	10 032 861	8 652 414
UIF	661 990	622 094
WCA	1 172 571	993 450
SDL	1 041 739	1 046 848
Other payroll costs	8 965 757	8 703 064
Leave pay provision charge	5 826 149	4 829 558
Pension costs	7 351 433	5 107 076
Gratuities	-	1 770
Provident fund	9 508 642	10 182 122
Overtime payments	1 720 866	1 829 639
	167 950 637	**148 492 289**

17. Depreciation and amortisation

Property, plant and equipment	21 610 753	22 114 568
Investment property	1 715 242	1 293 506
Intangible assets	2 137 936	2 430 393
	25 463 931	**25 838 467**

18. Impairment of assets

Impairments		
Property, plant and equipment	9 817 044	5 928 654
	9 817 044	5 928 654
	-	-

19. Finance costs

Interest paid on shareholder loans	773 754	1 516 961
Bank	38	110
Other interest	141 372	214 296
	915 164	**1 731 367**

20. Debt impairment

Debt impairment	2 577 263	92
Contributions to/(reversals of) debt impairment provision	(2 570 503)	8 671 379
	6 760	**8 671 471**

Figures in Rand	2021	2020

21. General expenses

Advertising	3 758 339	1 725 184
Auditors remuneration	2 885 433	2 980 614
Bank charges	7 389 264	6 853 587
Cleaning	2 014 591	6 538 286
Consulting and professional fees	3 029 676	4 848 226
Consumables	4 398 146	3 800 603
Donations	1 162 270	660 876
Gifts	14 876	12 016
Insurance	1 007 720	768 898
Conferences and seminars	24 240	367 621
IT expenses	5 492 583	5 440 300
Marketing	414 750	8 000
Motor vehicle expense	2 966 316	2 813 003
Placement fees	982 219	270 772
Postage and courier	643	1 912
Printing and stationery	1 439 934	1 647 546
Protective clothing	2 544 370	1 351 699
Repairs and maintenance	32 386 540	24 385 602
Secretarial fees	4 000	63 353
Security (Guarding of municipal property)	18 871 042	19 106 501
Staff welfare	995 394	511 192
Subscriptions and membership fees	79 363	117 412
Telephone and fax	1 051 178	1 153 262
Training	2 626 389	1 501 115
Travel - local	583 174	390 626
Travel - overseas	-	189 490
Refuse	28 383 214	10 226 512
Assets expensed	203 257	117 618
Electricity	44 589 627	38 374 666
Sewerage and waste disposal	974 085	18 669 788
Water	1 371 124	17 925 529
	171 643 757	**172 821 809**

22. Auditors' remuneration

Fees	2 885 433	2 980 614
	2 885 433	**2 980 614**

Notes to the Financial Statements

Figures in Rand	2021	2020

23. Taxation

Major components of the tax expense

	2021	2020
Current		
Local income tax - current period	49 871 725	45 955 987
	49 871 725	**45 955 987**
Deferred		
Originating and reversing temporary differences	(2 693 358)	(2 597 048)
	(2 693 358)	**(2 597 048)**
Current	49 871 725	45 955 987
Deferred	(2 693 358)	(2 597 048)
	47 178 367	**43 358 939**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2021	2020
Applicable tax rate	28,00 %	28,00 %
Disallowable charges	0,22 %	0,13 %
	28,22 %	**28,13 %**

24. Cash generated from operations

	2021	2020
Surplus	101 750 939	96 481 258
Adjustments for:		
Depreciation and amortisation	25 463 931	25 838 467
(Gain) loss on sale of assets and liabilities	2 407 245	535 020
Interest income	(26 273 733)	(34 859 338)
Finance costs	915 164	1 731 367
Impairment deficit	9 817 044	5 928 654
Debt impairment	2 563 743	8 671 471
Movements in retirement benefit assets and liabilities	(359 000)	(75 000)
Movements in provisions	2 728 083	2 127 885
Movement in tax receivable and payable	(2 851 268)	(8 611 919)
Other non-cash items - deferred tax	(2 693 354)	(2 618 985)
Employee Cost	-	209 815
Changes in working capital:		
Receivables from exchange transactions	27 015 481	(14 302 550)
Consumer debtors	-	-
Net movement in tax	(3 915 738)	10 055 598
Payables from exchange transactions	41 280 572	99 159 517
VAT	(13 769 684)	(422 616)
	164 079 425	**189 848 644**

25. Tax paid

	2021	2020
Balance at beginning of the year	25 140 656	15 943 119
Current tax for the year recognised in surplus or deficit	(49 871 725)	(45 955 987)
Interest income receivable from SARS	656 164	876 998
Balance at end of the year	(27 991 924)	(25 140 656)
	(52 066 829)	**(54 276 526)**

Notes to the Financial Statements

Figures in Rand	2021	2020

26. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Loans to shareholders	402 303 759	402 303 759
Trade and other receivables from exchange transactions	66 084 295	66 084 295
Cash and cash equivalents	208 341 770	208 341 770
	676 729 824	**676 729 824**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	4 206 289	4 206 289
Trade and other payables from exchange transactions	281 029 552	281 029 552
	285 235 841	**285 235 841**

2020

Financial assets

	At amortised cost	Total
Loans to shareholders	436 708 612	436 708 612
Trade and other receivables from exchange transactions	39 068 814	39 068 814
Cash and cash equivalents	194 652 393	194 652 393
	670 429 819	**670 429 819**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	10 306 694	10 306 694
Trade and other payables from exchange transactions	257 177 373	257 177 373
Bank overdraft	20 152	20 152
	267 504 219	**267 504 219**

Notes to the Financial Statements

Figures in Rand	2021	2020

27. Commitments

Authorised capital expenditure

Authorised and contracted for		
• Property, plant and equipment	200 672 675	105 100 679
Total capital commitments		
Contracted for and authorised by directors	200 672 675	105 100 679

This committed expenditure amount includes VAT and relates to buildings and plant and equipment and will be financed by available bank facilities.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	685 808	843 186
- in second to fifth year inclusive	171 452	857 261
	857 260	**1 700 447**

Operating lease payments represent rentals payable by the entity for certain of its office equipment. The leasing terms are for 3 years and 8 months.No contingent rent is payable.

28. Contingencies

The total estimated claims amount to R1 872 088, excluding legal costs, which is in respect of disputes with suppliers, the entity is of the view that this represents the maximum exposure. Details of the two (2) disputes are as follows:

Dispute with service provider due to a utility cost analysis project that was suspended as a result of an invalid tender award - R792 070

Dispute with a company regarding professional fees in respect of road rehabilitation - R1 080 018

Disputes with employees

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 of settlement is estimated at R1 311 492 (which is equivalent to 1 years compensation for all 3 matters). The other four (4) matters are currently at the labour court and the potential cost of settlement is estimated at R4 225 407

Figures in Rand	2021	2020

29. Related parties

Relationships	
Directors	Refer to directors' report note 30
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other Entities within COJ Group	The Johannesburg City Parks/Zoo
	Johannesburg Metro Trading Company
	Johannesburg Road Agency
	Johannesburg Development Agency
	Johannesburg Property Company
	Pikitup Johannesburg (SOC) Ltd
	Joburg Theatre (SOC) Ltd
	Johannesburg Water (SOC) Ltd
	City Power Johannesburg (SOC) Ltd

Related party balances

	2021	2020
Amounts owing by related parties		
The City of Johannesburg Metropolitan Municipality	412 261 607	442 915 806
The Johannesburg City Parks/Zoo	119 202	127 240
Amounts owing to related parties		
The City of Johannesburg Metropolitan Municipality	79 591 870	80 529 463
Johannesburg Metro Trading Company	1 145 731	833 384
Johannesburg Property Company	48 572 832	36 219 881
The Johannesburg City Parks/Zoo	18 257	11 680

Related party transactions

	2021	2020
Sales to related parties		
The City of Johannesburg Metropolitan Municipality	-	7 681 482
The Johannesburg City Parks/Zoo	-	788 943
Purchases from related parties		
The City of Johannesburg Metropolitan Municipality	1 172 571	1 762 444
The Johannesburg City Parks/Zoo	15 875	10 157
Johannesburg Metro Trading Company	3 874 882	816 186
City Power Johannesburg (SOC) Ltd	44 589 627	38 374 666
Joburg Theatre (SOC) Ltd	36 511	30 748
Pikitup Johannesburg (SOC) Ltd	28 383 214	10 226 512
Johannesburg Property Company	2 894 585	3 356 396
Johannesburg Water (SOC) Ltd	2 345 209	36 595 317
Interest Paid to related parties		
The City of Johannesburg Metropolitan Municipality (loans)	773 754	1 516 961
Interest received from related parties		
The City of Johannesburg Metropolitan Municipality	18 980 934	22 496 475

Notes to the Financial Statements

Figures in Rand

29. Related parties (continued)

Remuneration of management

Management class: Executive management

2021

Name	Basic salary	Other benefits received	Total
Chief Executive Officer	1 959 674	37 200	1 996 874
Chief Financial Officer	1 580 524	39 000	1 619 524
Chief Executive Officer(Acting)	260 183	37 507	297 690
Chief Financial Officer(Acting)	1 438 008	25 980	1 463 988
Chief Financial Officer (Acting)	150 027	26 647	176 674
Executive : Core Operations	287 034	292 320	579 354
Executive : Core Operations	176 633	13 881	190 514
Executive : Core Operations (Acting)	208 122	29 812	237 934
Executive : Manager Corporate Services	1 123 862	20 000	1 143 862
Executive : Manager Corporate Services (Acting)	802 375	129 024	931 399
Executive : Manager Corporate Services (Acting)	76 508	-	76 508
Company Secretary	662 662	143 018	805 680
	8 725 612	**794 389**	**9 520 001**

2020

Name	Basic salary	Other benefits received	Total
Chief Executive Officer	1 144 218	474 794	1 619 012
Chief Executive Officer	245 046	22 686	267 732
Chief Financial Officer	1 580 375	275 128	1 855 503
Chief Financial Officer (Acting)	65 374	-	65 374
Executive: Core Operations	1 140 297	352 060	1 492 357
Executive: Core Operations (Acting)	55 820	-	55 820

Notes to the Financial Statements

Figures in Rand

29. Related parties (continued)

Executive: Strategic Project and Marketing	1 557 662	192 163	1 749 825
Executive : Strategy and Transformation	1 511 453	571 028	2 082 481
Company Secretary (Acting)	494 536	317 874	812 410
	7 794 781	**2 205 733**	**10 000 514**

Refer to Director's Report on changes to Executive Directors during the year

30. Directors' emoluments

Executive

2021

	Emoluments	Other benefits*	Total
Ms L Williams (Chief Executive Officer)	1 959 674	37 200	1 996 874
Mr S Dlamini (Chief Financial Officer)	1 580 524	39 000	1 619 524
Mr B Ngubo (Chief Executive Officer) - Acting	260 183	37 507	297 690
Mr B Ngubo (Chief Financial Officer)- Acting	1 438 008	25 980	1 463 988
Ms L Ababio (Chief Financial Officer)- Acting	150 027	26 647	176 674
	5 388 416	**166 334**	**5 554 750**

2020

	Emoluments	Other benefits*	Total
Mr A Kanana (Chief Executive Officer)	1 144 218	474 794	1 619 012
Mr S Dlamini	1 580 375	275 128	1 855 503
Mr J Mazibuko (Chief Executive Officer) - Acting	359 868	-	359 868
Mr B Ngubo (Interim Chief Financial Officer)	65 374	-	65 374
Ms L Williams (Chief Executive Officer)	245 046	22 686	267 732
	3 394 881	**772 608**	**4 167 489**

Refer to Director's Report on changes to Executive Directors during the year

Non-executive

2021

	Directors' fees	Total
Mr S Clarke (Chairperson)	116 000	116 000
Pr S Botha	102 000	102 000
Ms M Liebenberg	66 000	66 000
Mr T Ferreira	78 000	78 000
Mr A Smith	66 000	66 000
Ms O Mathebe	66 000	66 000
Dr M Makwarela (Chairperson)	202 000	202 000
Ms N Moiloa	72 000	72 000
Mr D Johane	144 000	144 000
Mr M Phalane	102 000	102 000
Mr Z Xalisa	126 000	126 000
Ms S Petersen	150 000	150 000
Mr M Hleko	144 000	144 000
Ms V Magale	144 000	144 000
Ms B Maclare	150 000	150 000
Ms T Shezi	150 000	150 000
Dr T Xaba	184 000	184 000
Dr M Dyasi	138 000	138 000
Mr M Diko	6 000	6 000
Ms Z Ngwepe	12 000	12 000
Mr A Mokwena	170 000	170 000
Mr V Chipape	48 000	48 000
Mr L Branner	24 000	24 000
	2 460 000	**2 460 000**

2020

Notes to the Financial Statements

Figures in Rand	2021	2020

30. Directors' emoluments (continued)

	Directors' fees	Total
Ms Y Ngxabazi (Chairperson)	120 000	120 000
Mr S Ndlovu	72 000	72 000
Dr P Naidoo	78 000	78 000
Mr L Nengovhela	96 000	96 000
Ms Ramakoaba	90 000	90 000
Mr M Kgopa	114 000	114 000
Ms B Mokgalo	108 000	108 000
Mr M Mutungwa	102 000	102 000
Mr H Godi	96 000	96 000
Mr S Clarke (Chairperson)	158 000	158 000
Mr R Chetty	116 000	116 000
Mr S Botha	130 000	130 000
Mr T Ferreira	102 000	102 000
Mr D Hamilton	48 000	48 000
Mr A Smith	90 000	90 000
Mr O Mathebe	90 000	90 000
Mr M Phupha	78 000	78 000
Ms M Liebenberg	90 000	90 000
	1 778 000	**1 778 000**

31. Prior-year adjustments

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

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated *
Accummulated Surplus		(758 177 722)	11 299 903	(746 877 819)
Trade and other receivables		55 445 442	(16 376 628)	39 068 814
VAT Receivable		2 862 484	2 103 920	4 966 404
Payroll and Sundry Accruals		(11 612 581)	478 562	(11 134 019)
Building Cost		275 198 658	21 284	275 177 374
		-	-	-
Current Tax		24 555 038	585 618	25 140 656
Work in Progress		47 743 646	(292 802)	47 450 846
Roads		42 328 276	76 400	42 404 676
Trade & Other Payables		259 257 665	2 080 291	257 177 374
Deffered Tax I		-	21 952	21 952
		(62 399 094)	**(1 500)**	**(66 603 742)**

Statement of financial performance

Notes to the Financial Statements

Figures in Rand	2021	2020

31. Prior-year adjustments (continued)

2021

	Note	As previously reported	Correction of error	Restated *
Rental of Facilities and Equipment income		(54 813 813)	2 951 903	(51 861 910)
Sundry Revenue		(2 687 303)	(38 582)	(2 725 885)
Management Fee		3 364 839	(8 443)	3 356 396
Cleaning expense		6 860 878	(322 592)	6 538 286
Consulting and Professional Fees expense		5 168 226	(320 000)	4 848 226
Consumables expense		3 858 053	(57 450)	3 800 603
Printing and Stationary expense		1 660 243	(12 696)	1 647 546
Repairs and Maintenance expense		24 247 602	63 000	24 385 602
Refuse		10 368 583	(142 070)	10 226 512
Taxation		43 922 606	(563 667)	43 358 939
Employee Related Cost		148 281 281	211 008	148 492 289
Training		1 394 400	106 715	1 501 115
Surplus for the year		**191 625 595**	**1 867 126**	**193 567 719**

Trade and other Receivables

Reduction of prior years' rental debtors balance with credit note relating to prior years dating back to 2013 billed revenue which was incorrect from JM books.

Vat Receivable

Increase in the vat control account as a result of increase in input Vat as results of the credit notes processed against the prior billed incorrect revenue to the tenets.

Reduction in the vat control account as a result of an increase in output as a results of the reversals of the sundry accruals that were double accrued for.

Payroll and Sundry Accruals, Cleaning, Consulting, Printing and Consumable

Reduction in prior year sundry accruals balance due to the reversal of the accruals that were double accounted for.

Work-in progress (WIP) and Repair & Maintenance

Incorrect capitalisation of repairs and maintenance expense to WIP cost in the prior year.

WIP, Building and Roads

Incorrect capitalisation of cost relating to buildings and roads to WIP in the prior year.

Related Creditor and Refuse

Incorrect accrual raised for inter company in the prior year

Related Creditor and Management Fee

Incorrect fee charged by the related party in the prior year

Taxation

31. Prior-year adjustments (continued)

Adjusting the prior year taxation calculated on accounting profit with the actual taxation paid based on actual tax calculations

Commitments

Commitments were reported at R33,476,828 in the prior year and prior year figures were adjusted by R71,623,851 to R105,100,679. Adjusting for contracts that had been contracted subject to budget availability. These contracts were only recognised as commitments once the required budget budget amount was approved.

Cash flow statement

2021

		Note	As previously reported
Cash flow from operating activities			
Sales of goods and services	470 906 262	(15 959 915)	486 866 177
Employee Cost Payments	155 834 900	(15 556 605)	140 278 295
Payments to Suppliers	118 822 339	13 529 846	132 352 185
	745 563 501	**(17 986 674)**	**759 496 657**
Cash flow from investing activities			
Purchase of Property, plant and equipment	(27 659 364)	5 425 540	(33 084 904)
Loans to Shareholders - Sweeping Account	(127 453 000)	448	(127 453 448)
	(155 112 364)	**5 425 988**	**(160 538 352)**
Cash flow from financing activities			
Repayment of shareholder loans	9 709 000	(1 516 501)	8 192 499

Errors

The prior period errors detail in the above paragraphs of this note had an impact on the cash flow statement.

The restatement of the cash flow statement is thus a direct result of restating the statement of financial position for June 2020 and the statement of financial performance for the year ended June 2020. The restatements made implied a change in the movement of cash.

Notes to the Financial Statements

Figures in Rand	2021	2020

32. Risk management

Financial risk management

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

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

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

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	4 206 289	-	-	-
Trade and other payables	282 562 986	-	-	-

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	6 100 405	4 206 289	-	-
Trade and other payables	258 627 324	-	-	-

Credit risk

Credit risk consists mainly of loans to shareholders, cash and cash equivalents and trade receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2021	2020
Cash and cash equivalents	208 314 770	194 652 393
Receivable from exchange transactions	66 084 295	39 068 814
Loans to shareholder	402 299 949	436 708 612

33. Fruitless and wasteful expenditure

Opening balance as previously reported	48 873 879	43 137 736
Identified in the current year but incurred in prior year	2 066 355	5 928 654
	-	-
Add: Expenditure identified - current	4 410	14 181
Less: SARS Penalty Recoverable - prior period	-	(206 692)
Closing balance	**50 944 644**	**48 873 879**

2021: interest incurred on late payment of Audit fees (R75).

Fines administrative fees charged by fleet contractor for administration of fines incurred by fleet drivers (R687).

Interest paid on unpaid bond (R2 898).

Interest incurred on late payment of a suppliers invoice (R750).

Notes to the Financial Statements

Figures in Rand	2021	2020

33. Fruitless and wasteful expenditure (continued)

Impairment of work in progress projects which have not be completed and have no prospect of being ever completed due to changes in executive management (R2 066 355).

2020: Cleaning materials were procured from the service provider which did not meet the required SABS, ISO standards and therefore could not be utilised within the Joburg Market premises (R 14 181).

Pallet pool project that was started in the 2011 financial year but the project was not completed and never used by the market (R1 590 710)

Expenditure incurred for main building improvements designs incurred between 2015 and 2016 financial year which were never used (R4 337 944).

Penalty and interest relating to provisional tax return filed in an incorrect period during the 2019 financial year which was reversed by SARS during the 2020 financial year (R206 692)

34. Irregular expenditure

Opening balance as previously reported (Ex VAT)	144 933 041	114 853 889
Correction of prior period error	-	4 867 135
Opening balance as restated	**144 933 041**	**119 721 024**
Add: Irregular Expenditure - Outside of Joburg Market's Control (Ex VAT)	21 473 344	22 152 735
Add: Irregular Expenditure - Within Joburg Markets Control (Ex VAT)	15 680 067	3 059 282
Closing balance	**182 086 452**	**144 933 041**

Notes to the Financial Statements

Figures in Rand	2021	2020

34. Irregular expenditure (continued)

Incidents/cases Identified in the current year include those listed below:

	2021	2020
Interview and magazine profiling of previous CEO without authorisation	-	33 000
Printing contract expired and was extended whilst procurement process to appoint a new service provider was in progress	-	381 885
Unresolved tax matters of related party MOEs	4 456 114	1 285 121
Service provider rendered services after contract expired	33 925	355 677
The contract expired and the tendering process was put on hold due to COJ insourcing of securities	14 300 170	18 496 987
Covid-19 PPE purchased after budget depleted	-	15 960
Purchases without following supply chain processes	91 013	1 011 591
Contracts entered into by COJ and which were subsequently declared irregular	2 717 060	2 370 627
Service Provider not tax compliant	1 332 779	1 240 394
Medicines purchased not in initial contract	-	20 775
Service provider contract Extended due to Covid-19	465 212	-
Over spend on employee cost during the financial year	6 966 248	-
Bids advertised for less than 30 days without reasons being stated	6 790 890	-
	37 153 411	**25 212 017**

Notes to the Financial Statements

Figures in Rand	2021	2020

35. Additional disclosure in terms of Municipal Finance Management Act

Skills development levy

Current year subscription / fee	1 098 098	1 019 537
Amount paid - current year	(1 098 098)	(1 019 537)
	-	-

Audit fees

Current year subscription / fee	2 885 433	2 980 614
Amount paid - current year	(2 885 433)	(2 980 614)
	-	-

PAYE and UIF

Current year subscription / fee	25 692 494	23 606 065
Amount paid - current year	(25 692 494)	(23 606 065)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	32 069 277	31 835 926
Amount paid - current year	(32 069 277)	(31 835 926)
	-	-

36. Deviation from supply chain management regulations

Regulation 36 of SCM regulation 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 and includes a note to the financial statements.

Deviations authorised by the Accounting Officer	2021	2020
Sole supplier	111 000	608 186
Exceptional Case	6 788 033	1 055 354
Urgent Application	711 491	-
Impractical - contract extension	-	216 000
Section 110	160 565	-
Emergency procurement	879 493	3 464 353
Minor Breaches	-	1 081 216
	8 650 582	**6 425 109**

Emergency cases includes the below:

Service for lights at watermelon due to the tripping of the main circuit breaker which left the watermelon without lights at night (R75 000)

Service for the repairing of fire hydrant platform that were identified during the recommended repairs and maintenance to avoid problems of spillages and serious blockages (R6 546)

Service to unblock sewer line as a recommendation by repairs and maintenance department to avoid the problems of spillages and serious blockages around Joburg Market Precinct (R109 925)

Service for the plumbing, repair work at watermelon, leaking of roof and unblocking sewer line (R144 700)

Leasing of Industrial scrubbing machines whilst the entity was awaiting the delivery of the procured scrubbing machines (R529 500)

Annual subscription for online pesticide management database to be able to evaluate compliance of JM pesticide residue lab test results (R6 260)

Service for decontamination of offices to ensure the risk of JM employees from obtaining the Covid-19 virus (R7 562)

Sole provider case include the below:

Attorney representing Joburg Market security in-house who were involved in assault charges (R111 000)

Exceptional case include the below:

Purchasing of 4 industrial scrubbing machines. The competitive bidding process was concluded and the appointed supplier failed to deliver (R6 788 033)

Section 110 case include the below:

Organ of state-food testing services (R160 565)

Urgent Application case include the below:

Appointment of lawyers to defend an urgent matter against the smart meter project [Maopend Electrical vs Joburg Market] (R546 208)

Notes to the Financial Statements

Figures in Rand	2021	2020

37. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of four (4) major functional areas: commission, storage, banana ripening and rental facilities. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

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.

Aggregated segments

There are only two segments that were aggregated out of the four (4) which is storage and banana ripening facilities. These two (2) segments were aggregated due to similar nature of activities, existence of same customers and managers.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Commission	Selling of Vegetables and Fruits Facilities
Storage	Storage services
Banana ripening	Storage services
Rental Facilities	Rental services

Notes to the Financial Statements

Figures in Rand

37. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Commission	Storage & Banana Ripening	Rental of Facilities	Non Non - Allocated	Total
Revenue					
Revenue from exchange transactions	435 274 664	4 899 164	54 957 567	36 168 478	531 299 873
Entity's revenue					**531 299 873**
Expenditure					
Salaries and wages	(42 398 395)	(6 650 151)	-	(119 195 380)	(168 243 926)
Management Fees	-	-	(2 894 585)	-	(2 894 585)
Depreciation	(3 423 921)	(829 646)	(1 917 784)	(19 292 580)	(25 463 931)
Impairment Loss	-	-	-	(9 817 044)	(9 817 044)
Finance Cost	(632 583)	(7 109)	(7 945)	(267 527)	(915 164)
Operating Lease	-	-	-	(978 155)	(978 155)
Debt Impairment	-	-	-	(6 760)	(6 760)
Loss on Disposal of Assets	-	-	-	(2 407 245)	(2 407 245)
General Expenditure	(6 466 817)	(81 638)	-	(165 095 302)	(171 643 757)
	-	-	-	-	-
Total Expenditure	**(52 921 716)**	**(7 568 544)**	**(4 820 314)**	**(317 059 993)**	**(382 370 567)**
Total Segment Surplus / (Deficit)					148 929 306
Income tax expense					(47 178 367)
Entity's surplus (deficit) for the period					**101 750 939**
Assets					
Segment Non-current	90 251 002	14 776 234	31 239 557	313 869 337	450 136 130
Currents assets					723 547 125
Unallocated assets 2					-

Notes to the Financial Statements

Figures in Rand

37. Segment information (continued)

	Commission	Storage & Banana Ripening	Rental of Facilities	Non Non - Allocated	Total
Total assets as per Statement of financial Position					**1 173 683 255**
Current Liabilities					292 789 926
Non-Current Liabilities					12 264 571
Total liabilities as per Statement of financial Position					**305 054 497**

As the standard is effective from 1 April 2020 Joburg Market adopted the standard prospectively. The management of Joburg market have done an assessment for revenue, expense, assets and liabilities where the cost could be linked to a direct cost centers. The cost were then allocated based on the cost drivers for the respective segments.

38. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangment(s) is|are as follows:

The entity Joburg Market is acting as an agent by virtue of the law in terms of the Agricultural Produce Agents Act. The entity JM offers a platform for the farmers to come and sell in their premises the fresh produced products to the public. The entity then retains 5% for every sale which is made in their premises. The is no actual binding agreement between Joburg Market, Agents and the farmers but however the relationship is governed by Agricultural Produce Agents Act No.12 of 1992.

The entity is involved in an agreement with JPC where Joburg Market is a principal. The binding agreement is that JPC must be responsible for the appointment of service providers to render construction, repairs and maintenance services to Joburg Market

Notes to the Financial Statements

Figures in Rand	2021	2020

38. Accounting by principals and agents (continued)

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

They are no remittance resources held by Joburg Market on behalf of the farmers and agents during the period.

The were no risks transferred from the Farmers to Joburg market as a results of the agreement in place which is governed by the Agricultural Act, as Joburg Market is not a custodian to any assets that is owned by the Farmers

Revenue recognised

The aggregate amounts of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal can be seen below:

	2021	2020
Total Turnover	8 614 701 694	8 104 558 410
Commission for the Period	-435 274 664	- 408 365 927
Agents Creditors at year end	-24 806 089	- 35 440 421
Amount paid Over to Agents	8 154 620 941	7 660 752 062

Liabilities and corresponding rights of reimbursement recognised as assets

They are no Liabilities incurred on behalf of the farmers that have been recognised by Joburg Market.

They are also no Corresponding rights of reimbursement that have been recognised as assets by Joburg Market as a result of the agreement with the Farmers.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

They are no resources that have been recognised by JPC in its financial statements which are owned by Joburg Market.

Fee paid

	2021	2020
Management fees paid to JPC for their service for the year	2 894 585	3 356 396

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The are no resources/cost implications if the agreement is terminated.

Joburg Market (SOC) Limited
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
Monthly Rep. Per.

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Allocations & Grants Received or Advanced		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	No allocations or grants were received or advanced by the entity
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.