INTEGRATED REPORT 2016/17

Take a fresh look at the Market

Joburg

Joburg | Market

OUR MARKET AGENTS

The Market Agents sells fresh fruit and vegetables on behalf of the farmers and charge 7.5% commission. In total, Joburg Market has 18 Market Agents consisting of 10 Commercial and 8 BBBEE Market Agents operating within our facility.

COMMERCIAL MARKET AGENTS

MARKET AGENT	DIRECTOR (S)	CONTACT DETAILS	EMAIL ADDRESS
RSA Johannesburg Market Agency	Deon Van Zyl Roy Coetzer (MD)	T: +27 11 613 4391 C: 082 787 8050 C: 082 809 6082	deon@rsa.co.za Roy@rsa.co.za
Exec-U-Fruit Market Agency	Carlos Dos Ramos Rika De Swart	T: +27 11 613 6101 T: +27 11 613 2454	excufruit@cybertrade.co.za farmers@execufruit.co.za admin@excufruit.co.za
CL de Villiers Marke Agency	Nico Muller	T: +27 11 613 3618	cldev.muller@telkomsa.net
Botha Roodt Johannesburg Market Agency	Chris Roodt (MD) Paul Botha (Fin Dir)	T: 011 613 6981	paul@botharoodt.co.za anzelle@botharoodt.co.za
City Deep Watermelon Market Agency	Steve Michaels	T: + 27 11 613 3470	steve@cdwp.co.za
Citifresh Market Agency	Anton Vos Helgaard Theunissen Pieter van der Walt	T: +27 11 613 4344	admin1@wenpro.co.za admin@wenpro.co.za
Dapper Market Agency	Lawrence Scimper	T: +27 11 613 4021	admin@dapper.co.za janine@dapper.co.za
Marko Market Agency	Paul Botha Chris Roodt	T: +27 11 613 6981 T: +27 11 613 8781	br@netavice.co.za
Subtropico Johannesburg Market Agency	Anton Vos Helgaard Theunissen Pieter van der Walt	T: +27 11 613 8611	admin1@wenpro.co.za admin@wenpro.co.za
Wempro Johannesburg Market Agemcy	Anton Vos Dirk Schlebusch Sr. Helgaard Theunissen Johan Erasmus Johan Theart Pieter van der Walt	T: +27 11 613 3917/8/9	admin1@wenpro.co.za admin@wenpro.co.za

BBBEE MARKET AGENTS

MARKET AGENT	DIRECTOR (S)	CONTACT DETAILS	EMAIL ADDRESS
Egoly Johannesburg Market Agency	Danny Geral	C: +27 82 563 4562 C: +27 83 669 3100	Dannygeral@sorumsa.co.za
DW Fresh Produce Johannesburg Market Agency	Theresa Fredericks	T: 083 260 2146	info@dwfresh.co.za Theresa@dwfresh.co.za
Metro Market Agency	Sam Nedzanani	T: +27 11 613 5390/3 T: +27 11 613 5403 C: 0823590872	metroadmin@mwebbiz.co.za
Target Market Agency	Reshan Reddy	T: +27 11 623 1293 Cell: 0832663789	targetma@mweb.co.za
Catu- Fresh-Fresh Market Agency	Gilbert Nedzanani	T: +27 11 614 7100 C: +27 82 718 9146 C: +27 82 300 9919	kgnedzanani@vodamail.co.za
Swartberg Market Agency	Laver	C:0828338994	
Pula Nala	Ndo	C: 0761996701	
Matla Market Agency	Chris	C: 0824551234	

COMPANY INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTRATION NUMBER	2000/023383/07
REGISTERED ADDRESS	Market Main Building 4 Fortune Road (Off Heidelberg Road) City Deep, 2049
POSTAL ADDRESS	P O Box 86007 City Deep 2049
MUNICIPAL ERF NUMBER	Erf 117 & 118 City Deep
TELEPHONE NUMBER	(011) 992-8000
FAX NUMBER	(011) 613-7381
WEBSITE	www.joburgmarket.co.za
BANKERS	Standard Bank
AUDITORS	Auditor-General of South Africa
EMAIL	info@joburgmarket.co.za
ANTI-FRAUD HOTLINE	0800 002 587
MARKET TRADING HOURS	Mondays: 05h00 - 10h00 Tuesday - Friday: 05h00 - 11h00 Saturday: 05h00 - 10h00
DELIVERIES (TRUCKS)	Sunday - Friday: 14h00 - 04h00 (next day)

VISION

The premier hub for fresh produce trading in South Africa

MISSION

To build a premier fresh produce trading hub that is sustainable and socio-economically transformed.

CORE VALUES

The values of Joburg Market are embedded in the desired trust relationship with our stakeholders operating within the fresh produce marketing environment. As an entity we hold the following values:

- **Integrity**
- **Transparency**
- **Courtesy**
- **Accountability**
- **Service excellence**
- **Stakeholder centricity**

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THE ESSENCE OF THE JOBURG MARKET JOURNEY DURING 2016/17

A time to consolidate, optimise and grow the business of Joburg Market.

GROW

- PRODUCED A NET SURPLUS OF R74,269 MILLION.
- IMPROVED SUBSTANTIALLY ON KEY RATIOS – WORKING CAPITAL R126 319.
- GREW MARKET SHARE TO 43.47% OF THE NATIONAL FRESH PRODUCE MARKETS.

OPTIMISE

- ESTABLISHED IMPORTANT FACILITY MAINTENANCE PROGRAMMES.
- CONTINUED TO IMPROVE AND SUSTAIN A MOST EFFECTIVE TRADING SOFTWARE PLATFORM.
- RESOURCED THE FOOD SAFETY LABORATORY OF JOBURG MARKET WITH ADDITIONAL TEST EQUIPMENT.

CONSOLIDATE

- THE APPOINTMENT OF THE NEW CHIEF EXECUTIVE OFFICER HAS BEEN FINALISED.
- IMPLEMENTED REMEDIAL ACTIONS.
- RESOLVED A MAJOR LEGAL DISPUTE.

GLOSSARY OF TERMS

ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoJ	City of Johannesburg
COO	Chief Operations Officer
CSI	Corporate Social Investment
DED	Department of Economic Development
EPWP	Expanded Public Works Programme
FPM	Fresh Produce Market
GAP	Good Agricultural Practise
GDS	Growth and Development Strategy
GRAP	Generally Recognised Accounting Practices
GRAS	Group Risk and Assurance Services
HIV/AIDS	Human Immunodeficiency Virus Infection / Acquired Immunodeficiency Syndrome
HR	Human Resources
IAC	Independent Audit Committee
IAR	Integrated Annual Report
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
IT	Information Technology
JDA	Joburg Development Agency
JM	Joburg Market
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MotF	Market of the Future
MSA	Municipal Systems Act
NDP	National Development Plan
NGO	Non-Governmental Organisation
OPEX	Operational Expenditure
PDA	Public Development Authority
PIP	Priority Implementation Plan
REMCO	Remuneration Committee
SADC	Southern African Development Community
SCM	Supply Chain Management
SDA	Service Delivery Agreements
SDBIP	Service Delivery and Budget Implementation Plan
SETA	Sector Education Training Authority
SHE	Safety, Health & Environment
SMME	Small Medium and Micro Enterprise
SoA	Sweating of the Assets
SPS	Sales Processing System

ABOUT THIS REPORT

The Joburg Market (JM) is pleased to present its Integrated Annual Report (IAR) for the financial year from 1 July 2016 to 30 June 2017.

The report aligns with the best practices in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) in December 2013, and takes into account other guidelines published in this regard.

SCOPE OF THE REPORT

The integrated annual report covers performance for the 2016/17 financial year and issues that are material to JM strategy and operations, and it is strategically orientated with both past and forward looking performance interpretation.

The report reviews the entity's performance and provides information on the company's strategy, objectives, financial performance and corporate governance. Furthermore it is the market's primary report to stakeholders, which covers the financial year from 01 July 2016 to 30 June 2017 and it is an integrated financial, social and economic report.

The company is of the opinion that the report provides a balanced and reasonable view of the company's financial and operational performance, which is both accurate and concise.

MATERIALITY

The concept of "materiality" is fundamental to corporate reporting practice. To be effective, reporting should provide information that is of value or material interest to the intended users of the report.

JM is certain that materiality can be described as those issues that are determined through a process of identifying relevant matters that affect the company's ability to create value over the short, medium and long term. In defining materiality for JM's IAR the company strives to bring together a comprehensive, balanced and accessible assessment of the material information about its strategy, governance, performance and prospects in a manner that reflects the commercial, social and environmental context within which it operates.

The following internal and external criteria were used to identify material issues:

<table>
<tr><th>PROCESS</th><th>INTERNAL CRITERIA</th><th>EXTERNAL CRITERIA</th></tr>
<tr><td rowspan="6">IDENTIFICATION
PRIORITISATION
VALIDATION</td><td>City of Johannesburg Growth and Development strategy (Vision 2040 criteria and objectives).</td><td>Critical opportunities and challenges the Entity is geared to respond to.</td></tr>
<tr><td>Government's National and Provincial outcomes.</td><td>Challenges in the socio-economic development agenda and priorities of National and Provincial government.</td></tr>
<tr><td>Enterprise Risk Management process including key risks impacting the Entity's strategic and operational objectives and associated mitigating activities.</td><td>Factors which may impact the Entity's reputation and probably influence its ability to promote sustainable growth.</td></tr>
<tr><td>Stakeholder expectations and feedback from the Shareholder, farmers, customers, producer organisations, National and Provincial government, designated target groups.</td><td rowspan="3">The provisions of various frameworks like: Municipal Financial Management Act (MFMA), Public Finance Management Act (PFMA), Municipal System Act (MSA) section 46 (1), King Codes on Corporate Governance, International Financial Reporting Standards (IFRS), Broad-Based Black Economic Empowerment (BBBEE).</td></tr>
<tr><td>The Entity's vision, mission and values.</td></tr>
<tr><td>The Entity's governance framework and policy environment.</td></tr>
</table>

FINANCIAL REPORTING	NON-FINANCIAL REPORTING
This report includes reports of the independent auditors, the Audit Committee, the director, the annual financial statement and the corporate governance reports. The frameworks adopted and applied include: • The Generally Recognised Accounting Principle (GRAP); • King Codes of Governance for South Africa • The Companies Act 71 of 2008 (Companies Act); • The Municipal Finance Management Act.	The boundaries of the report extend beyond financial reporting and include non-financial performance, opportunities, risks and outcomes attributable to or associated with the company's stakeholders who have a significant influence on JM's ability to create value. This is a primary report to JM's stakeholders and intends to address information requirements of long term investors (the shareholder). It also presents information relevant to other key stakeholders, including employees, customers, regulators, farmers and communities.

REPORTING BOUNDARIES

The annual financial statements are prepared in accordance with Generally Recognised Accounting Principle (GRAP) standards. Any limitation will be disclosed in the relevant section.

The financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

SUMMARY OF SIGNIFICANT FRAMEWORKS AND LEGISLATION USED TO PREPARE THE REPORT

The information included in the IAR is prepared in accordance with local and international best reporting practices:

- Basic Conditions of Employment Act 75 of 1997;
- Broad-Based Black Economic Empowerment (BBBEE) Act 53 of 2003;
- Companies Act 71 of 2008;
- Competition Act 89 of 1998;
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC);
- Employment Equity Act 55 of 1998;
- Generally Recognised Accounting Principles (GRAP);
- Global Reporting Initiative (GRI) Framework;
- Income Tax Act 58 of 1962;
- Integrated Development Plan (IDP);
- International Financial Reporting Standards (IFRS);
- Joburg 2040 Growth and Development Strategy (GDS);
- King Codes on Corporate Governance;
- Labour Relations Act 66 of 1995;
- Millennium Development Goals (MDGs);
- Municipal Finance Management Act 56 of 2003 (MFMA);
- Municipal Structures Act (117 of 1998);
- Municipal Systems Act (32 of 2000);
- National Health Act 61 of 2003;
- Occupational Health and Safety Act 85 of 1993;
- Preferential Procurement Policy Framework Act 5 of 2000;
- Prevention and Combating of Corrupt Activities Act 12 of 2004;
- Promotion of Access to Information (PAIA) Act 2 of 2000;
- Promotion of Administrative Justice Act 3 of 2000;
- Protected Disclosures Act 26 of 2000;
- Section 46(1) on the Municipal Systems Act (MSA);
- Skills Development Act 97 of 1998;
- Skills Development Levy Act 9 of 1999;
- The Compensation for Occupational Injuries and Diseases Act 130 of 1993;
- The Constitution of the Republic of South Africa (108 of 1996);
- Unemployment Insurance Act 63 of 2001;
- Unemployment Insurance Contributions Act 4 of 2002;
- Value Added Tax 89 of 1991.

ASSURANCE PROCESS

A combined framework integrates and coordinates all assurance activities, identifies all related providers, and ensures that actual assurance takes place and is reported within the company's governance structures. JM's combined assurance model recognises three lines of defence, namely review by management, supplemented by internal and external assurance in order to optimise governance oversight, risk management and control.

The Audit and Risk Committee and the Board rely on combined assurance in forming their view of the adequacy of Joburg Market's risk management and internal controls. In the process of preparing this IAR, the company has applied the combined assurance approach.

The entity's Integrated Annual Report for financial year 2016/2017 will be assessed and rated to ascertain the adherence to minimum disclosure requirements as per table below:

JM continues to improve the reporting mechanisms in future annual reports to ensure alignment with international reporting standards and promote consistency, accessibility and accountability with respect to the role of creating and sustaining value to all citizens of Johannesburg.

APPROVAL OF THE INTEGRATED ANNUAL REPORT

The JM Board acknowledges its responsibility to ensure the integrity of the 2016/17 Integrated Annual report. The Board confirms having collectively reviewed the content of the report and agrees that it addresses issues that are material and that it provides a fair representation of the JM's integrated performance for the period 01 July 2016 to 30 June 2017.

INTEGRATED REPORTING FRAMEWORK	MFMA: CIRCULAR 63 ANNUAL REPORTING REQUIREMENTS
Ethical Leadership and Corporate Citizenship	Member of the Mayoral Committee's Foreword Statement and the Executive Summary Report
Boards of Directors: • Board independence; • Board reporting; • Board performance; • Board committees; • Directors remuneration.	Governance: • Governance structures; • Intergovernmental relations; • Public Accounts Participation; • Supply Chain Management, By-lawslaws, oversight committees; • Risk management; • Anti-corruption and fraud; • Disclosure of financial interests; • Councilors and committees.
Audit Committees • Financial competence; • Audit Committee performance.	Service delivery
The Governance of Risk	Organisational development performance
Compliance with Laws, Codes, Rules and Standards	Financial performance
Internal Audit	Resolutions of Auditor-General findings
Governing Stakeholders Relationships	
Integrated Reporting Disclosures • Financial disclosures.	Appendices, Annual Financial Statements

CHAPTER ONE

CORPORATE PROFILE & LEADERSHIP

1893
Joburg Market is formally established.

10%
BEE Farmers

90%
Commercial Farmers.

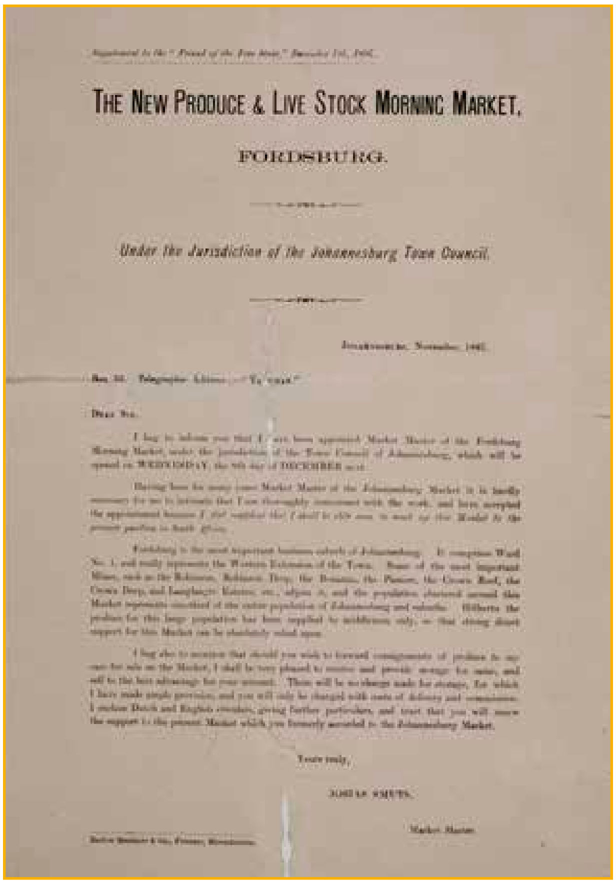
SECTION 1
CORPORATE PROFILE / OVERVIEW OF THE ENTITY

The JM was established in 1893 as a fresh produce market situated at the Market Square in central Johannesburg, where three thousand people congregated to trade in fresh produce. The economic boom emanating from the Gold Rush era resulted in the rapid growth of the City and subsequently the trading of fresh produce. To accommodate growth, new facilities were built in Newtown (Johannesburg) in 1913.

As trading increased over the years, the Newtown premises relocated to the current 64 hectare site in City Deep. The Company, which is 100% owned by the City of Johannesburg (CoJ) Metropolitan Municipality, operates on a commission-based business model where producers deliver their produce to market agents who in turn sell to buyers.

The JM renders a series of services and provides amenities which facilitate the trading of fresh produce. On a daily basis between 9 500 and 11 000 buyers - depending on the marketing season - visit JM from across South Africa and the Southern African Development Community (SADC) region.

At any given time, approximately 5 000 producers market their products through the trading floors of JM. This ensures that a wide assortment of produce in various grades and sizes are available to buyers from various categories.



THE NEW PRODUCE & LIVE STOCK MORNING MARKET,

FORDSBURG.

Under the Jurisdiction of the Johannesburg Town Council.

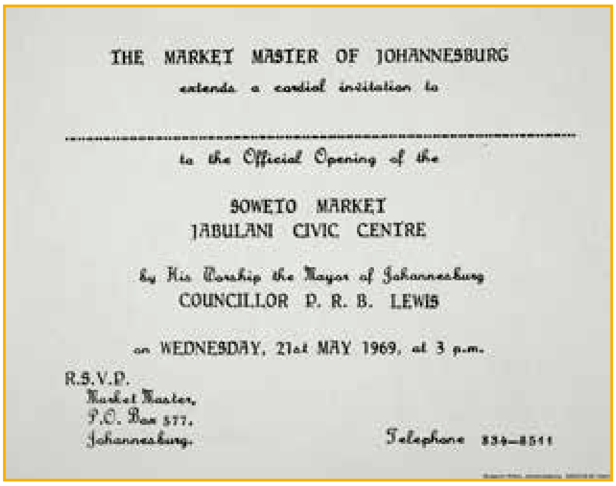
Dear Sir,

[illegible]

Yours truly,

[illegible]

Market Master.



THE MARKET MASTER OF JOHANNESBURG
extends a cordial invitation to

....

to the Official Opening of the

SOWETO MARKET
JABULANI CIVIC CENTRE

by His Worship the Mayor of Johannesburg
COUNCILLOR P. R. B. LEWIS

on WEDNESDAY, 21st MAY 1969, at 3 p.m.

R.S.V.P.
Market Master,
P.O. Box 577,
Johannesburg.

Telephone 834-8511

SECTION 2
STRATEGIC OVERVIEW

MANDATE

The company is mandated to manage and operate a market facility through the provision of premier quality facilities and complementary services to the fresh produce industry. This will include the following:

- Provision and management of profitable facilities and services for the distribution of fresh produce;
- Ensuring a competitive trading platform for fresh produce trading;
- Enabling market access, sustainable availability and affordable fresh produce and,
- Ensuring food safety and quality standards, thus promoting healthy lifestyles.

STRATEGIC OBJECTIVES

- Ensure financial sustainability and growth of the entity;
- Operate a sustainable resilient premier marketing and trading facility
- Become an agent for socio-economic transformation
- Ensure that our staff are engaged, skilled, motivated and satisfied;
- Become a high-performance organisation;
- Ensure effective stakeholder engagement;

STRATEGIC PRIORITIES

JM has adopted a strategy based on achieving key organisational priorities that are aligned to the development objectives of CoJ. They are:

- Financial stability and growth;
- Develop JM into a High Performance Organisation;
- Productive, motivated and engaged employees;
- Drive socio-economic transformation;
- Ensuring food security and safety;
- Implement business growth programmes.

ALIGNMENT OF PROJECTS TO PRIORITIES

GDS and IDP

JM will pursue projects and programmes linked to the GDS and IDP. The Table below shows the alignment of JM Programmes/Projects to the GDS and IDP:

GDS OUTCOME	GDS OUTPUT / OTHER	IDP PROGRAMME/ ACTIVITY	PROJECT/PROGRAMME
• Improved quality of life and development-driven resilience for all	• Food security that is both improved and safeguarded	• Access to food: Ensure a continuous and adequate supply of suitable quality fresh produce at reasonable prices	• Trading Space optimisation initiatives
• Improved quality of life and development-driven resilience for all	• Food security that is both improved and safeguarded	• Urban farmers support; Grow the market share of emerging farmers at JM.	• Priority to JM to emerging farmers to enable effective marketing returns towards sustainable farming operations.
• Improved quality of life and development-driven resilience for all	• Food security that is both improved and safeguarded	• Urban farmers support: Ensure a continuous and adequate supply of suitable quality fresh produce at reasonable prices to all people residing in the various regions of CoJ.	• JM will facilitate the establishment of fresh produce distribution centres in marginalised areas with the provision that products sold are from JM or useful alternatives

GDS OUTCOME	GDS OUTPUT / OTHER	IDP PROGRAMME/ ACTIVITY	PROJECT/PROGRAMME
• Provide a resilient, liveable, sustainable urban environment - underpinned by infrastructure supportive of a low carbon economy	• Sustainable and integrated delivery of water, sanitation, energy and waste	• Integrated Waste management programme: Support implementation of Green and Blue Economy interventions	• Green economy strategy that includes: • Separation of waste at source • Green economy project that includes alternative sources of energy i.e. solar panels, bio-gas and tri-generation
• A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	• Financially and administratively sustainable and resilient City	• Urban farmers support : Catalyse support and opportunities for BBBEE/SMME through creative public/private partnerships [Economic transformation policy]	• Support Emerging Farmers (Market access)
• Provide a resilient, liveable, sustainable urban environment - underpinned by infrastructure supportive of a low carbon economy	• Sustainable and integrated delivery of water, sanitation, energy and waste	• Enterprise development: Catalyse support and opportunities for BBBEE/SMME through creative public/private partnerships [Economic transformation policy]	• Support Urban Agriculture Farmers; • Support Emerging Farmers through Market access
• A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive region	• Financially and administratively sustainable and resilient city	• Catalyse support and opportunities for BBBEE/SMME through creative public/private partnerships [Economic transformation policy]	• Provide targeted groups with access to commercial and industrial property through the development of vacant land and the upgrade and Sweating of the Assets
• Improved quality of life and development-driven resilience for all	• Increased literacy, skills and lifelong learning amongst all our citizens	• Smart City: Develop a City skills strategy, focused on the skills supply/ demand chain, first lends to the identification of consolidation of a list of critical scarce skills in the City to guide other initiatives	• Training of staff • Training of youth through targeted programmes
• Improved quality of life and development-driven resilience for all	• Food security that is both improved and safeguarded	• Access to food: Increase Foodbank capacity	• Food Support Centre • Food for waste programme
• A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	• Financially and administratively sustainable and resilient City	• Disciplined expenditure management:	• Innovation in service delivery methodologies (Business transformation/ JM activities)

MAYORAL PRIORITIES PROGRAMME

The programmes and projects are executed in strict compliance and alignment to the selected priority programmes to which JM will contribute.

GDS OUTCOME	GDS OUTPUT / OTHER	IDP PROGRAMME/ACTIVITY	PROJECT/PROGRAMME
KEY PRIORITY NUMBER 1 : PROMOTE ECONOMIC DEVELOPMENT AND INVESTMENT ATTRACTION TOWARDS ACHIEVING A 5% ECONOMIC GROWTH			
• Attract residents and businesses to increase density in transit development corridors • Ensure liveability of corridors i.e. facilities for health, education, culture and sport • Proactively promoting inward investment into the City of Johannesburg through various marketing strategies • Assisting existing potential exporters with market access to local and international markets • Providing relevant investment and export intelligence.	• Participate in City Deep logistics hub planning • Promote healthy living and food preservation and value adding on fresh produce • Promote JM as a regional market and establish external buyer companies in offices and facilities at JM • Assist SMME exporters to develop in SADC region • Assist developing SMME's to access export opportunities in SADC region • Create a refined client and business opportunity data base and network.	• New Transit orientated development corridor • Produce preserved food to extend Food Bank support packages to beneficiaries • Investment friendly business environment; • Generate the rand value of trade and Investment business transactions; • Have a business to business matchmaking; • Expose SMME's and BEE's to business opportunities.	• Transformation in work and live environment • Prevent people from going hungry • International buyers establishing offices at JM and employing locally • Traders conducting large scale transactions • Growth in number of businesses operated by targeted groups at JM.
KEY PRIORITY NUMBER 2: ENSURE PRO-POOR DEVELOPMENT THAT ADDRESSES INEQUALITY AND PROVIDES MEANINGFUL REDRESS			
• GDS 2040 outcome: Improved life for all. • Related output: Food security that is both improved and safe- guarded, reduce poverty and dependence, and City characterised by social inclusivity and enhanced social cohesion • Addressing poverty and income inequality • Creating conditions for economic growth • Identifying entrepreneurial and SMME key success areas and developing these	• Sustain agricultural stakeholder relationships / management programmes; • Participate in Local Agri-forums • Agri-business ventures • Develop BEE trading facilities • Link BEE participants to mainstream food business • BEE agro processors, emerging agents, emerging farmers project • Targeted procurement practises • BEE support programmes	• Enabled environment for high value vegetables & fruit to be sold locally, linking small farmers in their own areas • Agribusiness Ventures and Farm Enterprises providing fresh produce which is grown locally • Food for growing urban population • Viable food procurement and distribution systems • Work with large food retailers and distributors to create localised system to ensure food security • Decrease in unemployment rate; • Growth and sustainability of SMME sector in the City (through, amongst others, a focus on strategic procurement); and • Local economic development.	• Sufficient production of quality produce for self-sustainment and trading balances for income • Effective participation by historically disadvantaged entrepreneurs in large transactions • Creation of job opportunities in value adding activities • Increased number of SMME & BEE entrepreneurs providing services and goods to JM

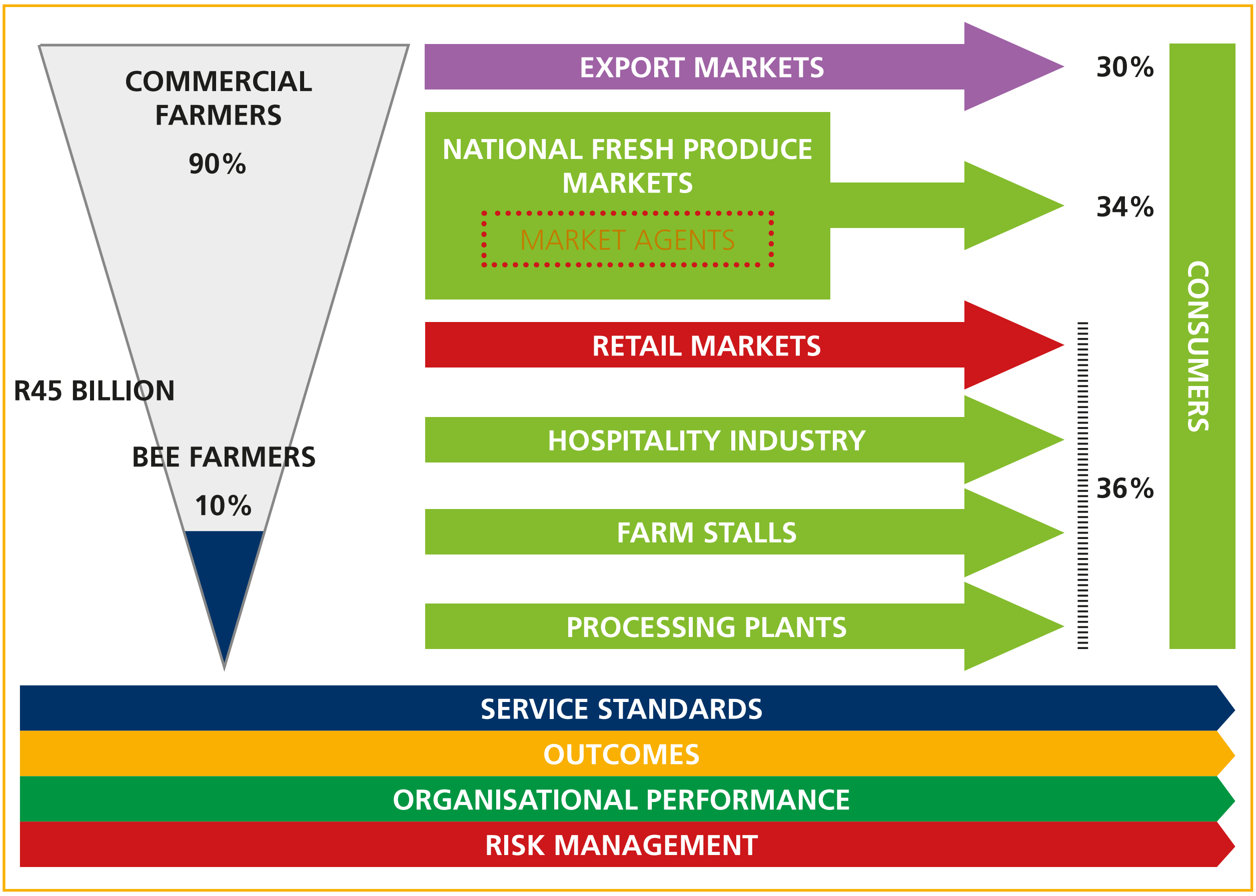
GDS OUTCOME	GDS OUTPUT / OTHER	IDP PROGRAMME/ACTIVITY	PROJECT/PROGRAMME
KEY PRIORITY NUMBER 6: CREATE A CITY THAT RESPONDS TO NEEDS OF RESIDENTS			
• Ensuring citizens play an active role in their communities • One stop walk-in centres	• Stakeholder engagements	• Enhancement of the vision of a caring municipality; • Meaningful state-society engagement;	• Women, youth and disabled in agriculture prepared to conduct trading • One stop centre to guide aspiring entrepreneurs in fresh produce trading
KEY PRIORITY NUMBER 8: ENCOURAGE INNOVATION AND EFFICIENCY THROUGH PROGRAMMES SUCH AS SMART CITY			
• ICT upgrade in order to increase City's capacity to deliver quality services • Joburg becomes a smart institution that enhances efficiency and productivity • Smart service delivery • Municipal services provided to households utilising the broadband infrastructure	• Fresh produce market operations best practises • Innovation in trading methodologies	• CoJ a technologically competent institution; • Johannesburg a Smart City with enhanced service efficiencies and productivity; • Smart and effective service delivery maintained as the norm; • Job creation through improved economic development environment	• Exponential growth in fresh produce trading • Linking semi-mobile markets with JM through the broad band system
KEY PRIORITY NUMBER 8: ENCOURAGE INNOVATION AND EFFICIENCY THROUGH PROGRAMMES SUCH AS SMART CITY			
• Action plan for Green Infrastructure • Green jobs	• Separation of organic and non-organic waste (energy strategy) • SMME's dealing with harvested non-organic material (green jobs) • Utilise food-safe chemicals for sanitisation • Eradicate use of diesel forklifts • Generation (bio-gas, solar, and tri-generation) • Action plan for Green Initiatives	• Job creation and income generation as a result of energy diversification; • City becoming a leader in innovation in respect of the green economy. • Energy generation through waste recycling;	• Transformation in agricultural production • Self-sustaining families and SMME's • Clean air & Safe food

SECTION 3
VALUE CREATION PROCESS

Value is created from a strong and sustainable financial and operational perspective of the Company that provides service delivery to all stakeholders. JM operates in a unique environment that serves as one of the marketing channels for fresh produce in South Africa, whereby a variety of qualities and quantities of fresh produce are traded amongst producers and buyers. The company's footprint even expands into the SADC region and this is evident from numerous buyers who frequent the JM premises.

The delivery of the company's strategic agenda is set around the requirements of CoJ as a Shareholder which expects JM to operate a well-functioning trading facility aimed at creating financial returns, whilst supporting the producers, traders, communities and citizens of Johannesburg. This will ensure that key outcomes such as food security, a well-nourished and healthy population, a job creation organisation and food safety are achieved.

JOBURG 2040 STRATEGY	5-YEAR IDP	BUSINESS PLAN/SDBIP
• IDENTIFIES THE CITY'S FUTURE TRENDS AND LONG-TERM STRATEGY • OUTLINES THE CITY'S VISION & MISSION TO 2040	• IDENTIFIES THE CITY'S PROGRAMMES FOR CURRENT TERM OF OFFICE LINKED TO ITS PRIORITIES	• DETAILED BUSINESS PLANS AND SDBIPs FOR DEPARTMENTS AND MUNICIPAL ENTITIES
LONG-TERM FINANCIAL PERSPECTIVE	**MEDIUM-TERM FINANCIAL PLAN**	**ANNUAL BUDGET AND SDBIP**



SECTION 4
STAKEHOLDER MANAGEMENT

In conducting business, the JM interacts with various stakeholders ranging from government, investors, partners, customers, employees and different interest groups. The company ensures that all stakeholders have an opportunity to contribute to its current and future business operation processes and activities so that their needs are met in a satisfactory manner.

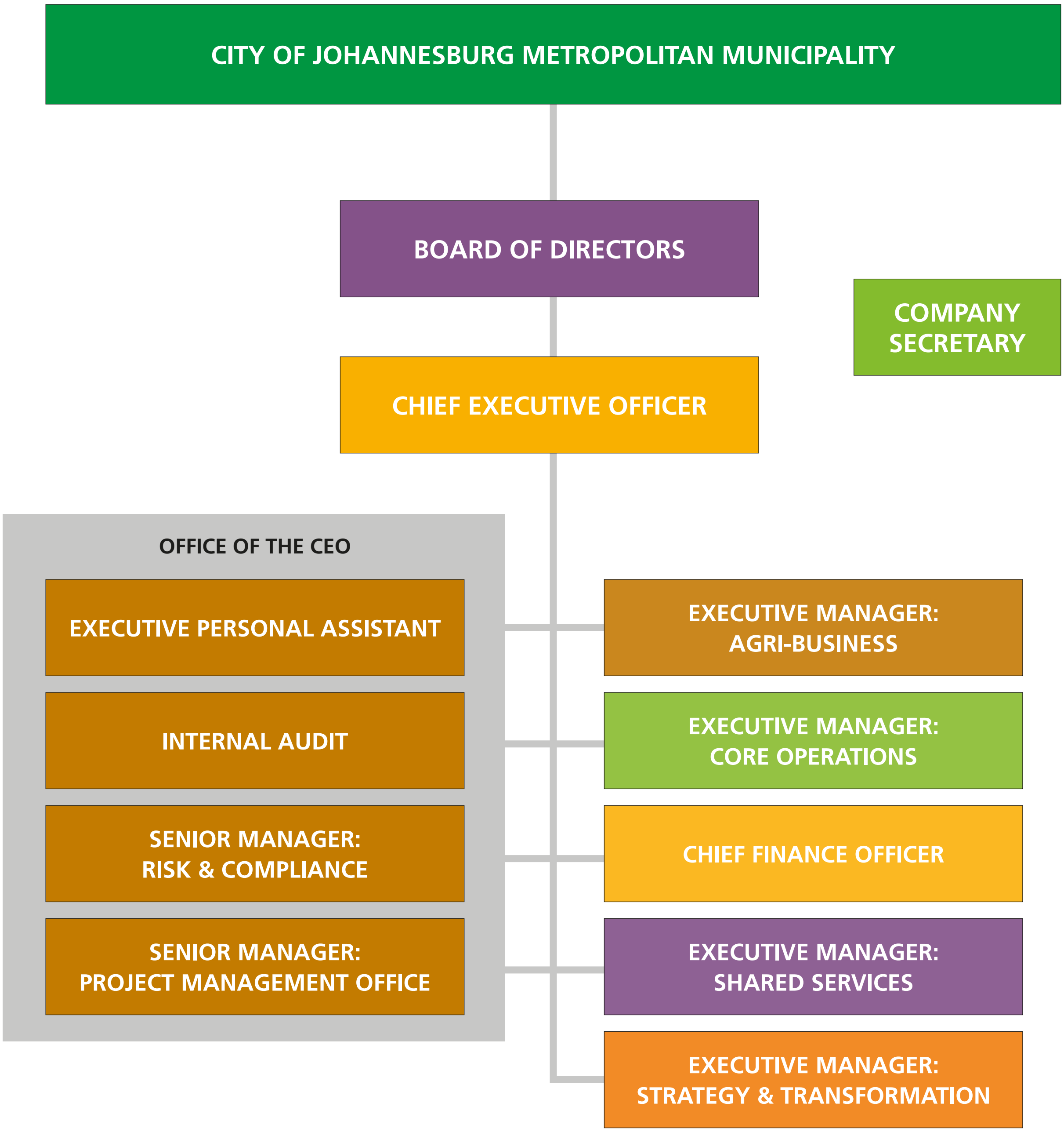
The following table represents the diverse profile of stakeholder groupings operating within the JM space.

NO	GROUP	FUNCTIONAL RELATION	PRINCIPAL INVOLVEMENT	HOW ADDRESSED
GOVERNANCE				
1	CoJ	Governance Shareholder	Sole owners of the JM	Through Cluster forums and standard reporting
2	Board of Directors	Governance of JM	Governs JM in terms of SDA	Pursue sound and effective reporting and providing strategic support
3	DED	Lead Department	Sectorial link to CoJ	Cooperate with Cluster structures towards integrated service delivery
COMPANY				
1	Staff	Employees of JM	Managers and employees	Pursue a culture of professional service delivery
2	Unions	Trade Unions	SAMWU / IMATU	Promote good communication against the backdrop of JM being a 24 hour operation
3	EPWP	Job creation	Extended Public Works Programme	Utilise local job seekers and prepare them with basic skills to enhance permanent employment possibilities
CORE BUSINESS				
1	Farmers	Production of produce	Supply JM from across RSA	Promote market services of JM to producers through participation in Industry events and farm visits
2	Transporters	Logistics – Farm to Market	Private contractors	Promote delivery compliance for an orderly delivery environment through regulation of the logistical system at JM
3	Market Agents	Conducts actual selling of produce at JM	Private institutions	Communicate through a dedicated forum with agency directors and their sales staff
4	Commercial Buyers	Buying of produce at JM	Distribute and process fresh produce	Communicate and support through customer services kiosks on the trading floors of JM
5	Informal sector buyer	Informal traders	Intensive distribution in various areas	Promote interaction through product handling coaching and customer care kiosks
INFORMAL MARKETS AT JM				
1	Mandela Market	Traders at JM site established through empowerment programmes	Stall markets on JM site	Communicate through a dedicated forum with the operators of trading stalls
2	Unity Market			

<table>
<tr><th>NO</th><th>GROUP</th><th>FUNCTIONAL RELATION</th><th>PRINCIPAL INVOLVEMENT</th><th>HOW ADDRESSED</th></tr>
<tr><td colspan="5">APRON SERVICES AT JM SITE</td></tr>
<tr><td colspan="3">• Pallet runners
• Porters
• “Bakkie” operators
• Cooking “mamma’s”
• Recyclers</td><td>Rendering of support services to traders on market for own account</td><td>Communicate with operators through the property department which includes 1-on-1 interactions</td></tr>
<tr><td colspan="5">TENANTS</td></tr>
<tr><td colspan="3">• Food distributors
• Processors
• Meat/fish traders
• Soft drinks
• General hospitality producers</td><td>Rendering services enabling clientele to utilise JM site as “one stop” shopping centre</td><td>Communicate with operators through the property department which includes 1-on-1 interactions</td></tr>
<tr><td colspan="5">FINANCIAL SERVICES</td></tr>
<tr><td colspan="3">Banks</td><td>Servicing buyers on JM to conduct transactions</td><td>Communicate through the Finance Dept. on a daily basis to ensure real time services continuity</td></tr>
<tr><td colspan="5">SUPPLIERS</td></tr>
<tr><td colspan="3">Multiple services rendered at JM site</td><td>• Cleaning
• Security
• Waste disposal
• Amenity gardens and land maintenance</td><td>Communicate through advertising supplier opportunities in the media and company website supplemented by briefing sessions</td></tr>
</table>

SECTION 5

HIGH-LEVEL ORGANISATIONAL STRUCTURE



The entity employs 327 individuals in five divisions namely:

- Agri-business;
- Core Operations;
- Finance;
- Shared Services; and
- Strategy and Transformation.

SECTION 6
FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE

Following the August 2016 local Government elections, the new administration started identifying and pursuing a number of priorities to ensure quality professional services to the citizens of Joburg. The Joburg Market (JM) serves as an important instrument in the economic development objectives set for the City.

The role of JM is, on the one hand, to serve as a fresh produce market that should ensure that safe fresh produce in adequate quantities and qualities are available daily to nourish the local community at fair prices. In this regard JM can rightfully be regarded as the stock exchange for fresh produce. On the other hand, JM is also an important trading hub which renders services to producers and the trade across South Africa, as well as the neighbouring SADC region and other international trading partners. This creates an important meeting point at the physical site of JM where enormous movements of fresh produce and associated services are conducted daily. This hive of activity creates jobs and business opportunities which are crucially important for the economy of Johannesburg. The potential for exponential growth through JM is not underestimated and therefore the City will carefully, but diligently, invest in this facility.

In bolstering this opportunity, the City is fully aware of the vitally important requirement to adequately resource the JM with skills and the associated means to ensure the envisaged growth, as well as integrating this asset in a series of value adding services towards supporting the five percent growth priority of the City.

JM saw a number of challenges over the past year. However, with the assistance of the Board of Directors and its reported interventions, I am confident that the entity is ready to enter a new era of growth and development.

Against the backdrop of the rapid urbanisation rate, the City is expecting that JM will not only be important in the Job creation sphere, but also in developing SMME entrepreneurs who will utilise it as a dependable supply point that will enable them to take up the opportunity of intensified distribution of fresh produce throughout all local communities as sustainable businesses. The City is indeed mindful of the challenges embedded in the mobility of communities and of those serving them. In the latter regard, the Economic Development function of the CoJ will continue to assist JM to find synergistic mechanisms to best serve the people of Johannesburg.

Food security initiatives within the City remain an important priority element. Conducting production of agricultural produce on arable land will assist in creating food security and sustainable incomes. JM as marketing and support mechanism will also play its role in this avenue on cluster level.

I would like to use this opportunity to thank the Board of Directors, management and staff for the continued efforts to improve and sustain the JM which is regarded as one of the gems in building the economy of Johannesburg. Finally, a word of sincere gratitude is also expressed towards the Mayor and Cluster leadership for the most valuable leadership support provided over the past year.

Councillor Leah Ruth Knott
MMC Economic Development

City of Johannesburg
29 November 2017

SECTION 7
CHAIRPERSON'S FOREWORD

It is indeed my privilege to present the strategic overview and results of the Joburg Market (JM) for the fiscal year ending 30 June 2017.

As a municipal entity, the JM is governed in accordance with legislative provisions as embodied in the MFMA, the Municipal Systems Act and various other regulatory requirements, as well as codes such as the King Codes. The relationship between the City of Johannesburg (CoJ) and the company is governed under the prescripts of a Service Delivery Agreement. Against this backdrop, the Board of Directors executed oversight, interventions and guidance of the entity during the review period.

FRESH PRODUCE INDUSTRY OVERVIEW

JM remains an important catalyst in supporting both national and local economic development. Produce arrives at the JM on a daily basis from across South Africa, neighbouring states, as well as other destinations including Spain, Greece and Egypt to name but a few. The availability of a wide assortment of produce attracts thousands of buyers who, in turn, distribute produce locally and to SADC regions. Jobs are created across the distribution value chain as a direct result of this process. It is estimated that conducting business at JM has enabled more than 5 500 producers and in excess of 17 000 buyers to create full time employment for approximately 80 000 individuals. JM has, in the trading process, sold 1, 190 million tonnes of fresh produce to the value of R6,787BN.

The above trading results were achieved despite an Industry which continued to experience vast variations in supply. Main commodities such as onions, tomatoes and potatoes remained in an oversupply situation for most of the year under review, leading to reduced income levels for farmers' agents and market authorities across the country.

JOBURG MARKET'S STRATEGIC JOURNEY

The company is mandated to manage and operate a market facility through the provision of premier quality facilities and complementary services to the fresh produce industry. This will include the following;

- Provision and management of profitable facilities and services for the distribution of fresh produce;
- Ensuring a competitive trading platform for fresh produce trading;
- Enabling market access, sustainable availability and affordable fresh produce; and
- Ensuring food safety and quality standards, thus promoting healthy lifestyles.

Achievements worth noting reflect on the healthy balance sheet of the company. In addition to having produced a net surplus to the value of R74, 269M, all key ratios continued on a trend of continuous improvement.

As a going concern with a healthy balance sheet in particular the following ratios are noteworthy. Firstly the Liquidity (CA/CL) of the company was set at 2.03 and working capital in turn improved to R126, 319M. The surplus generated by the company was also improved to R74, 269M which represents a 43% growth on the budgeted amount for same.

In support of trading income JM was able to improve its national market share from a targeted 41% to 43.47%. The potential for exponential growth for JM is embedded in the substantial extension of compliant trading floor space. In the latter regard JM will in the next 4 to 5 years invest in such infrastructure development which is aimed at adding between 40 and 50% of additional trading floor space.

"JM remains an important catalyst in supporting both national and local economic development."

ORGANISATIONAL PERFORMANCE

The company was tasked to achieve 11 performance targets during the year under review. Five (5) of these targets were fully met and exceeded the performance measures set. Six (6) were not achieved. Consequently, 5 out of 11 performance targets were met resulting in a 45.45% achievement.

The reduced target achievement levels are mainly attributable to the challenges as outlined below.

ORGANISATIONAL CHALLENGES

During the year under review the Board was required to intervene in a number of challenges amidst the vacant positions of both a CEO and CFO. Board intervention was particularly necessitated in the challenges relating to capital project management and the procurement of capital related improvements and extensions. The fabric of the market and the sustainability of crucial installations such as the electricity standby plant, as well as the colds stores and ripening chambers required substantial attention from the Board.

The company was burdened with a number of legacy matters of litigation. In particular, a major construction matter was resolved.

STAKEHOLDER MANAGEMENT AND INDUSTRY TRANSFORMATION

The company continued with initiatives towards emerging farmers as part of its enabling programme. This programme aims to improve their ability to trade their produce at the JM on a sustainable basis. In tandem, JM also engaged in efforts with industry partners to coach informal traders in methods to extend the shelf life of especially subtropical fruits, as well as the promotion of their goods to consumers.

GOVERNANCE

The JM Board is functioning effectively and has highly skilled and experienced expertise at its disposal which contributed greatly towards effective interventions during the latter part of the financial year under review.

ACKNOWLEDGEMENTS

On behalf of the Board and management I would like to extend my sincere gratitude to Cllr. Leah Ruth Knott, MMC for Economic Development, as well as the Committees of Council, for the unwavering support experienced during the past financial year.

I would also like to sincerely thank the members of the Board for their diligence and dedication, as well as the management and staff for the loyal support received during remedial and other interventions initiated by the Board.

Ms. Doris Dondur
Board Chairperson

Joburg Market (SOC) Ltd
29 November 2017

SECTION 8
CHIEF EXECUTIVE OFFICER'S REPORT

It is with great pride to present the integrated results of the Joburg Market for the 2016/17 financial year. A year that demonstrated growth, commitment, and resilience for the entity, its agencies as well as the farmers that continue to support our precinct. The Joburg Market hugely appreciates your commitment to food security in the country and beyond its boundaries. The agricultural industry has once again benefitted through your unwavering abilities.

Joburg Market is a financially sound institution with an improved surplus position. The company achieved a net surplus of R74.269 million (This 31.0% above the targeted surplus level). The cash position remains strong at R124 million (2015/16: R102 million), and the solvency position is R461.7 million (2015/16: R387.4 million). These figures suggest that the organisation is well positioned to consider its growth or expansion opportunities and a strong case will be made to the Shareholder against this financial position.

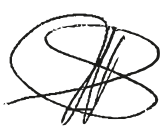
Our total turnover moved from a turnover of R6.77 billion in 2015/16 to R6.787 billion in the year under review. Limitations in this growth are our trading floor space and not necessarily market or industry limitations. The Joburg Market facilitates the trade of produce for the benefit of the City of Johannesburg, for South Africa as a country and neighbouring countries. An extension of our trading facility means our footprint can grow in leaps and bounds. It is our intention to do so!

The Market is using its successes and challenges over the years to develop a new pathway and outline its strategic direction. This is anticipated to create new and exciting economic opportunities, which will be inclusive for all to participate in. Transformation at farm levels as well as at our trading floors will receive prime focus.

The efficiency of doing business through technological advancement is also another avenue that is being strongly considered by the leadership team. It is envisaged that the results being presented in this year, will serve as a strong baseline for the Market we want to create – a market that recognises the priorities of the City of Johannesburg as a shareholder and one that recognises that the Joburg Market is at the centre of economic growth for the Gauteng City Region.

The engagement with the Auditor-General for this audit proved fruitful, and the steering committee set to manage the audit process assisted in the successful completion of the year-end audit. The Joburg Market achieved an unqualified audit opinion with findings. Although we are proud of this outcome, the entity has the potential to revert back to a Clean Audit – a status that the Joburg Market desires to restore. The Executive Team will prepare a response to the management letter and we will work on restoring our internal controls and compliance to the desired Governance standards.

I also want to extend a word of gratitude to the MMC for Economic Development, Cllr. Leah Knott for her support in the portfolio; the Board of Directors, Executive Management, Senior Management and the entire Staff of the entity in their endeavour to support the Joburg Market in realising our strategic objectives and set targets achieved during the financial year under review.



Ayanda Kanana
Chief Executive Officer
29 November 2017

SECTION 9
CHIEF FINANCIAL OFFICER'S (ACTING) REPORT

REVENUE

The revenue posted by the company as at 30 June 2017 totalled R 415.2 million, an increase of 2.4% in comparison to the R405.6 million of the 2015/2016 financial year. Revenue was 1.2% below the budgeted R420.1 million for the year under review.

The company recorded a commission income of R342.5 million, which represents a 2.9% decrease against the revised budget. The commission income contributed 82% of the total revenue of JM, reflecting a 1% increase from the R340.0 million commission income of the previous year.

Revenue contributions from rental income: facilities and equipment, cold storage and banana ripening facilities, as well as interest received, were 10%, 2% and 4% respectively with the remaining 1% being revenue from other sources.

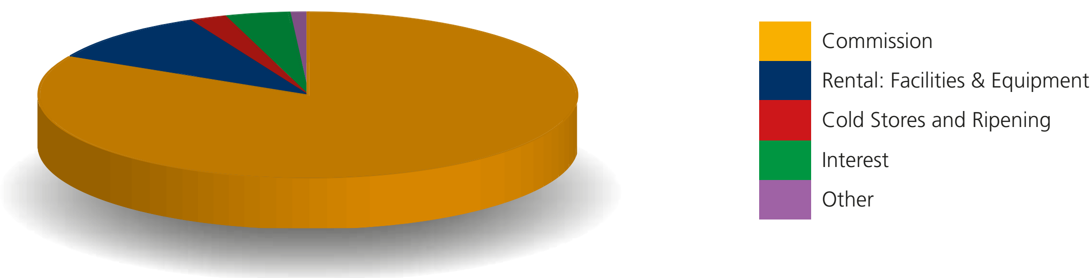
SURPLUS

The 2016/2017 financial year surplus of R74, 269 million was R2.7 million higher than the R74.0 million recorded for the year that ended 30 June 2016, representing an increase of 1%. This increase was mainly attributable to the R9.7 million 2016/2017 increase in revenue in comparison to 2015/2016, offset by the decrease of expenditure of R3.3 million and increase of R15, 8 million loss on disposal of assets.

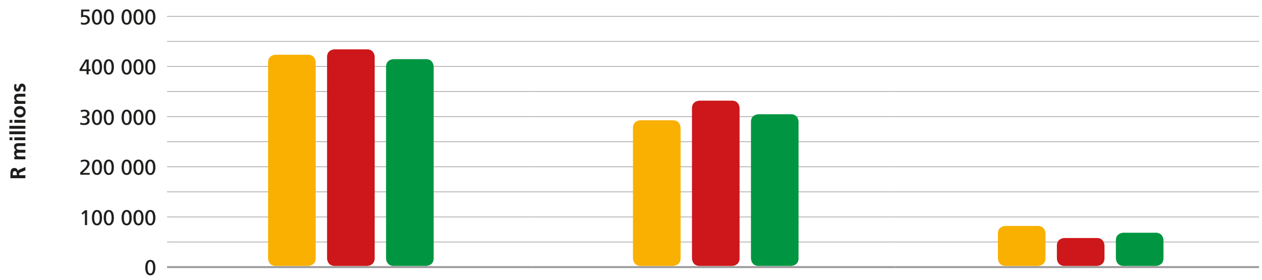
OPERATING EXPENDITURE

Operating expenditure for the financial year that ended 30 June 2017 was R297.4 million, which translates into a 12% reduction from the budgeted R339.0 million. The overall market's operational costs reflected an increase of 1% from

REVENUE CONTRIBUTIONS



COMPARITIVE ANALYSIS: REVENUE, EXPENDITURE & SURPLUS 2017



	REVENUE	EXPENDITURE	SURPLUS
ACTUAL	415 230	297 365	76 703
BUDGET	421 147	338 781	56 506
LAST YEAR	405 572	300 683	73 990

the R300.7 million reported for the 2015/2016 financial year. The increase in operating expenditure is attributed to personnel, depreciation, debt impairment, repairs and maintenance costs which were higher than those of the prevous year. The increases were offset by the under-expenditure in general expenses; budgeted legal costs did not materialise.

CASH FLOW

Cash generated from operations amounted to R92.5 million for the period of 2016/2017, (June 2016:R95.3 million), and this shows an decrease of R2.8 million from the prior year. There was a 21% increase in the company's net cash position from R102.4 million as at 30 June 2016 to R124.0 million by the end of the 2016/2017 financial year, reflecting a R21.6 million net movement in the cash position; evidencing the ability of the JM to generate a strong sustainable cash flow. During the financial period under review, property, plant and equipment totalling R29, 8 million was acquired and this capital expenditure was self-funded due to the company's positive cash position.

STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by R10.2 million to a total of R366.7 million as at 30 June 2017 in comparison to the R376.9 million of the 2015/2016 financial year. The increase was a net effect of the R29, 8 million additions to property, plant and equipment; asset disposals and depreciation charges of R21.7 million.

The JM's current ratio increased from 1.40: 1 during the 2015/2016 financial period to 2.1 as at the end of the period under review. This reflects an overall stability in the company's capability to meet its short-term payment obligations.

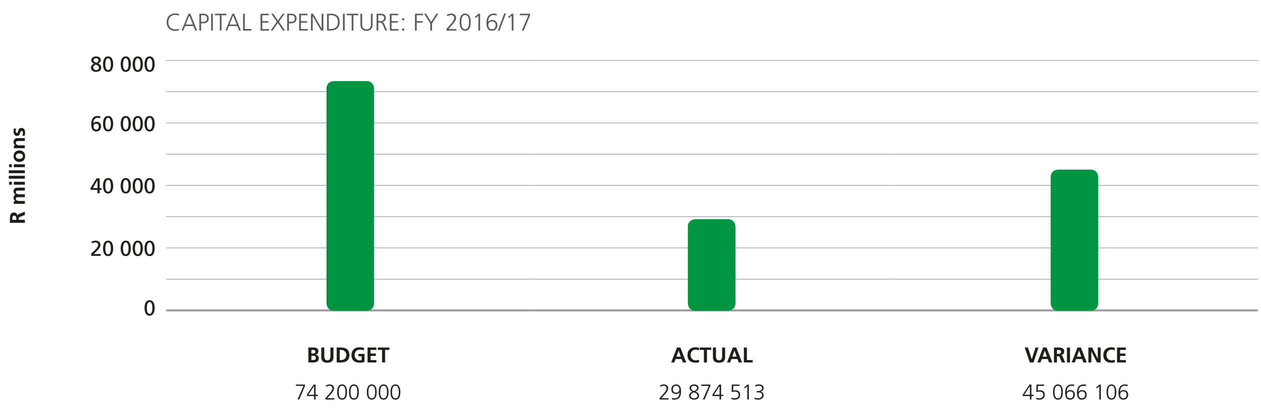
The equity ratio also increased from 67 percent as at the end of 2015/2016 to 75 percent. This means that a larger proportion of the total assets were funded by the shareholders during the 2016/2017 financial year than those funded by creditors.

KEY RATIOS

Key ratios are shown in table 1 below.

TABLE 1: KEY RATIOS

FINANCIAL RATIOS	UNITS	2017	2016	2015	2014
Liquidity (CA/CL)	Ratio:2	2.02	1.39	1.41	1.36
Working Capital (CA-CL)	R'mil	126,319	57,421	56,204	56,348
Solvency (Total Liab/Total Assets)	%	25	33	41	51
Equity (Total Assets/Total Equity)	%	75	67	59	49
Interest coverage (PBIT/Net Interest)	Ratio	19.23	10.90	6.96	5.46



SPENDING AGAINST CAPITAL BUDGET

The company managed to spend R29.8 million of its budget totalling R74.2 million. This represents an overall Capex spend of 40 percent for the 2016/2017 financial period.

CAPITAL PROJECTS

During the year under review the company's shareholder, the CoJ allocated R74.2 million for capital projects listed below.

TABLE 2: CAPITAL PROJECTS

PROJECT DESCRIPTION	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	VARIANCE BUDGET
Furniture	R1 500 000	R101 000	R1 399 000
Information Technology	R20 000 000	R565 270	R19 434 730
Land & Building	R45 700 000	R22 870 644	R22 829 356
Office equipment	R255 000	R247 027	R7 973
Vehicles	-	R25 530	(R25 530)
Plant & Equipment	R6 749 000	R6 065 042	R683 958
Total	**R74 204 000**	**R29 874 512**	**R44 329 488**

SIGNATURE TO BE SUPPLIED

Ms Benvinda Teixeira
Chief Financial Officer (Acting)
29 November 2017

SECTION 10
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 (as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2017, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Mr Keeran Singh

Company Secretary (Acting)

The Joburg Market (SOC) Ltd

31 August 2017

CHAPTER TWO

GOVERNANCE

8 Board of Directors
appointed as at
30 June 2017

CEO
Ayanda Kanana appointed
on 1 September 2017

131 072
Food donations were naded out to indigent families and Non-Profit Organisation.

R61,47 million
Joburg Market procurement awards positively contributed to and complied with BBBEE requirements.

SECTION 1
CORPORATE GOVERNANCE STATEMENT

The Board of directors promotes and supports high standards of corporate governance by endorsing the principles of King Codes on Corporate Governance in South Africa. Joburg Market complies with the requirements of good corporate governance stipulated in the Group Governance Framework and subscribes in particular to a governance system whereby ethics and integrity set standards for compliance.

The company views good governance as a vital strategic component in operating a successful and sustainable business, as well as providing assurance to stakeholders that the company is well managed. To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA 56 of 2003 supports the requirements of Section 18(1) (d) of the MSA 32 of 2000. Information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA, be undertaken through the compilation and publication of the IAR.

The purpose of this annual report is to promote accountability to shareholders, CoJ communities and other stakeholders for the decisions taken by the Board and matters relating to administrative structures, throughout the 2016/17 financial year.

APPLICATION OF KING CODES

JM applies the governance principles contained in King Codes and continues to further establish and strengthen recommended practices in the governance structures, systems, processes and procedures. The Board of Directors and Executives are committed to the principles of openness, integrity and accountability advocated by the King Codes on Corporate Governance

Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with the King Codes on Corporate Governance forms part of the Audit and Risk Committee's (ARC) mandate.

The Board of Directors has incorporated CoJ's Corporate Governance Protocol in its Board Charter which, amongst others, regulates its relationship with CoJ in the interest of good corporate governance and good ethics. The Protocol is premised on the principles articulated in the King Code on Corporate Governance for South Africa 2009.

Continuous steps were taken to align practices with the Report's recommendations and the Board continually reviews its progress to ensure that it enhances Corporate Governance. During the year under review the market's risk management reviews, reporting and compliance assessments were conducted in terms of the Companies Act, the MSA and the MFMA. The annual Board assessments and evaluations were conducted and a report for the previous year effectively completed in accordance with the provisions of section 121 of the MFMA.

GROUP'S GOVERNANCE FRAMEWORK

The company forms part of the governance structures as prescribed by the Shareholder. Governance oversight meetings with the Group Governance function of the CoJ were duly attended. The customer centric approach of the CoJ and the JM was captured in the Service Delivery Agreement (SDA) containing measurable service standards.

The cluster system enabled the JM to consult with knowledgeable colleagues and to replicate service improvements and to examine economies of scale. In particular it forms an ideal forum for uniform communication of policies and directives.

ETHICAL LEADERSHIP

JM subscribes to a code of ethical conduct and the Board provides effective leadership in terms of codes, ethics and values. The fundamental objective is to do business ethically while building a sustainable organisation that recognises the short and long term impact of it activities on the economy, society and environment. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the stakeholders.

CORPORATE CITIZENSHIP

The company recognises its social responsibilities to ensure that it protects, improves and invests in the well-being of the economy, society and natural environment. JM pursues its activities within the limits of social, political and environmental responsibilities outlined in international and national conventions on human and environmental rights.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

Regulatory compliance refers to an organisation's adherence to laws, regulations, guidelines and directives applicable and relevant to its business. Increasingly businesses are seeing a number of laws applicable to their operations, and adherence to the laws is critical to their success. JM has identified items of legislation applicable to it and appropriate controls have been set up to mitigate the risks associated with non-compliance with that legislation. Regulatory compliance provides JM's clients and other stakeholders with the confidence that the JM business is reliable.

JM has an established a compliance function to facilitate the regulatory compliance process. Regulatory compliance controls are set up to ensure that the business is aware of and applies the relevant provisions of legislation in its day-to-day operations. Ongoing liaison with and reporting to regulators are integral to JM's compliance culture. Where regulators raise exceptions in their supervisory process, JM ensures prompt and timeous resolution of such matters.

In embedding a compliance culture within JM, the organisation conducts monitoring exercises and training interventions on the applicable priority legislation to provide assurance on the level of compliance to ensure that the business is skilled in the legislative provisions and kept abreast of developments.

SECTION 2
BOARD OF DIRECTORS

JM has a fully constituted Board of Directors that comprises of executive and non-executive directors. The Board is chaired by a non-executive director, Ms Doris Dondur. The roles of the CEO and Chairperson are separate in accordance with the principles set out in the King Codes of Corporate Governance.

The Board meets regularly, at least quarterly and retains full control over the company. The Board is accountable to the CoJ Metropolitan Municipality as the company's sole shareholder.

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company rules and procedures, statutory regulations and best corporate practices. The Board or any of its members may, however, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

DIRECTORS

JM's AGM took place on the 16 March 2017 during which a new Board was appointed with the following Board Members as at 30 June 2017.

NAME	DESIGNATION	QUALIFICATIONS	SERVING ON OTHER BOARDS AND BOARD COMMITTEES
Ms Doris Dondur	Chairperson of Board	• Masters in Business Administration • CA(SA) • CTA • B.Compt Honours • Hons Business Administration • B. Accounting • Post Graduate Diploma Labour Relations • International Executive Development Programme • Gaming Executive Development Programme • Integrating Strategy, Budgeting and Reporting.	• SA Civil Aviation Authority • Gauteng Growth and Development Agency • Gautrain Management Agency • National Lotteries Commission • South African National Blood Service • Basil Read Holdings • PPS
Ms Abigail Tumi Ramakoaba	Non-Executive Director	• MSc Biochemistry	• None
Mr Jan Mocke	Non-Executive Director Chairperson of SDC	• Masters in Business Leadership • BSc (Eng) Electronic • Integrating Strategy, Budgeting and Reporting • Executive Development Programme	• None
Mr Sihle Ndlovu	Non-Executive Director	• Masters in Business Administration • Advanced Diploma in Management Accounting (CIMA) • N Dip. Cost and Management Accounting • Professional Accountant (SA) • Professional Tax Practitioner (SA) • Cert. Business Management on Developing Countries	• Ilembe Enterprise Development Agency • Agribusiness Development Agency • Built Environment Support Group • KwaZulu-Natal Agricultural Union • Ithala Bank

NAME	DESIGNATION	QUALIFICATIONS	SERVING ON OTHER BOARDS AND BOARD COMMITTEES
Mr Livhu Nengovhela	Non-Executive Director Chairperson of REMCO	• LLM Labour Law • BCom Honours • Post Graduate Diploma Labour Relations • B. Admin • Advanced Management Programme • International Executive Development Programme	• Petroleum Agency South Africa • C & R Business Solutions
Dr Pat Naidoo	Non-Executive Director Chairperson of SEC	• PhD • Masters in Business Administration • MSc Eng • B.Eng (Electrical) • Cert. Electricity Regulation • Cert. Utility Management • Cert. Modeling and Managing Competitive Electricity Markets	• Eskom
Mr Harry Raborifi	Non-Executive Director	• LLB • B Juris	• None
Mr Dumi Makopo	Non-Executive Director	• BCom (Economics, Insurance and Risk Management)	• None
Mr Robert Hill	Independent ARC Member	• BSc Honours (Computer Science) • Higher Diploma in Computer Auditing • BSc (Information Processing)	• Joshco • MITS Institute (Pty) Ltd • Management Information Technology Services Consulting (Pty) Ltd • Spanish Ice Invest 3 (Pty) Ltd
Mr Robin Theunissen	Independent ARC Member Chairperson of ARC	• CA(SA) • B. Accounting • Registered Auditor • Diploma in Criminal Justice and Forensic Auditing	• Profmed Medical Aid Scheme • SA National Blood Service NPC • Financial Intelligence Centre • Johannesburg Road Agency • Legal Aid Board SA
Mr Cassim Tilly	Independent ARC Member	• CA (SA) • M. Com (SA Domestic & International TA) • P.G.Dip Auditing • B. Compt Hons/ C.T.A • B. Com	• None
Mr Ayanda Kanana	Chief Executive Officer	• CA(SA) • Bachelor of Commerce Honours • Bachelor of Commerce in Financial Accounting	• East London IDZ
Ms Benvinda Teixeira	Chief Financial Officer (Acting)	• Bachelor of Commerce Degree • Associate General Accountant (SAICA) • Municipal Financial Management Act Certificate	• None

BOARD OF DIRECTORS

Ms Doris Dondur
Chairperson of Board

Ms Abigail Tumi Ramakoaba
Non-Executive Director

Mr Jan Mocke
Non-Executive Director

Mr Sihle Ndlovu
Non-Executive Director

Mr Livhu Nengovhela
Non-Executive Director

Dr Pat Naidoo
Non-Executive Director

Mr Harry Raborifi
Non-Executive Director

Mr Dumi Makopo
Non-Executive Director

Mr Robert Hill
Independent ARC Member

Mr Robin Theunissen
Independent ARC Member

Mr C Tilly
Independent Member

Mr Ayanda Kanana
CEO

Ms Benvinda Teixeira
CFO (Acting)

The term of office of the non-executive directors is subject to review at the Annual General Meeting. A performance evaluation of the Board is conducted at the end of each financial year to assess the effectiveness of the Board and the individual contributions of the Directors. The performance of the board committees are evaluated against committees' terms of reference.

Attendance at meetings held during the year under review was as follows:

MEMBERS	BOARD	AUDIT & RISK COMMITTEE	SOCIAL & ETHICS COMMITTEE	REMCO & HR COMMITTEE	SERVICE DELIVERY COMMITTEE	FINANCE, INVESTMENT & PROCUREMENT
No of meetings held	11	5	2	7	6	6
Shubane K**	7 of 7	-	-	-	-	-
Childs S*	7 of 7	-	2 of 2	6 of 6	-	5 of 5
Mafadza S*	6 of 7	-	-	6 of 6	5 of 5	-
Masango S**	7 of 7	4 of 5	-	-	-	4 of 5
Molebatsi C*	7 of 7	-	2 of 2	5 of 6	5 of 5	-
Ndlungwane S*	6 of 7	-	1 of 2	6 of 6	5 of 5	1 of 5
Nkosi B*	5 of 7	5 of 5	-	-	-	5
Tsekedi S*	0 of 7	-	-	-	0 of 5	-
Tselane T*	6 of 7	-	2 of 2	-	5 of 5	-
Dondur D #	4 of 4	-	-	-	-	0 of 1
Ramakoaba A #	2 of 4	-	-	-	0 of 1	-
Mocke J #	2 of 4	-	-	1 of 1	1 of 1	-
Nengovhela L #	4 of 4	-	-	1 of 1	-	1 of 1
Ndlovu S #	3 of 4	-	-	1 of 1	1 of 1	-
Naidoo P ##	4 of 4	-	-	-	1 of 1	-
Raborifi H #	3 of 4	-	-	1 of 1	-	1 of 1
Makopo M #	4 of 4	-	-	-	-	1 of 1
INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS						
Raborifi H *	-	0 of 5	-	-	-	-
Gordhan Y*	-	3 of 5	-	-	-	-
Hill R	1 of 4	5 of 5	-	-	-	-
Theunissen R #	-	-	-	-	-	-
Tilly C ##	1 of 4	-	-	-	-	-

Tsekedi S did not attend any meetings from May 2016 to the 16th of March 2017 due to ill health

* Retired in March 2017
** Resigned in March 2017
\# Appointed 16 March 2017
\## Appointed May 2017

SECTION 3
COMMITTEES

BOARD COMMITTEES

The following five committees, respectively chaired by a non-executive director, are in place to assist the Board in executing its functions:

1. Audit and Risk Committee (ARC);
2. Finance, Investment and Procurement Committee (FIPCO);
3. Remuneration and Human Resources Committee (REMCO);
4. Service Delivery Committee (SDC);
5. Social and Ethics Committee (SEC).

AUDIT AND RISK COMMITTEE (ARC)

The committee is constituted in accordance with Section 166 of the MFMA. The committee met five times during the year under review. The role of the Committee is to assist the Board in its oversight of the integrity of the Company and also to perform an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms.

The ARC operates in accordance with a written terms of reference authorised by the Board. The ARC is responsible for:

- Reviewing the quarterly, mid-year and annual financial statements, the accounting practices and the effectiveness of the internal financial controls;
- Monitoring the implementation of the combined assurance model to ensure a coordinated approach to all assurance activities;
- Overseeing work of the internal audit function and assessing the effectiveness of internal audit;
- Oversight over risk management, regulatory and legislative compliance matters;
- Overseeing the external audit process and assessing the quality and effectiveness of the external audit process;
- Monitoring compliance with the code of ethics.

The ARC reviewed its terms of reference during the year under review. The committee reviewed the annual financial statements and duly recommended these to the Board for approval. The ARC considers the annual financial statements to be a fair presentation of the company's financial position as at 30 June 2017 and the results of its operations, changes in equity and cashflow for the period under review to be in accordance with the Generally Recognised Accounting Practices and the Companies Act.

The ARC approved the internal audit plan for the year and monitored work of the internal audit function. The committee further considered the companies risks and ensured whether the risk policies and strategies were effectively managed.

FINANCE, INVESTMENT AND PROCUREMENT COMMITTEE

The role of the Finance, Investment and Procurement Committee is to assist and advise the Board of Directors in the discharge of its duties relating to budgetary, financial management, procurement and Supply Chain Management; assist the Board in fulfilling its responsibilities by advising the Board, and in certain instances, by acting on behalf of the Board, on matters relating to the financing and budgeting activities as provided for in, but not limited to the provisions of the MFMA, Municipal Budget and Reporting Regulations 2008; MSA and the Companies.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

The role of the Committee is to advise the Board on remuneration policies, remuneration packages and other terms of employment for all executive directors and senior executives.

Its specific terms of reference also include recommendations to the Board on matters relating to policy, remuneration, bonuses, employment contracts, training, recruitment, and general employee well-being.

SERVICE DELIVERY COMMITTEE

The role of the Committee is to assist the Board with oversight and monitoring of the mandate of the SDA with the Shareholder. This includes overseeing and directing the development of strategies in view of economic developments affecting the fresh produce industry, increased competition, market requirements and the development of new requirements for food safety, quality and security.

Mr Robin Theunissen
CHAIRPERSON: ARC

Dr Pat Naidoo
CHAIRPERSON: SEC

Mr Jan Mocke
CHAIRPERSON: SDC

Mr Livhu Nengovhela
CHAIRPERSON: REMCO

Mr Harry Raborifi
CHAIRPERSON: FIPCO

The committee is furthermore responsible for reviewing the organisational objectives in line with the company's mission and goals in the areas of marketing and communications, strategy, operations, consignment, information services/ technology support to the company as well as strategic planning and alignment with shareholder objectives.

SOCIAL AND ETHICS COMMITTEE

The committee is constituted in terms of provisions of the Companies Act 2008 and Regulations of 2011. Its responsibilities include monitoring company activities in respect of the following:

- Social and economic development, including the company's standing in terms of the goals and purposes:
    - o Ten principles set out in the United Nations Global Compact Principles;
    - o The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
    - o Employment Equity Act; and
    - o Broad-Based Black Economic Empowerment Act.
- Promotion of good corporate citizenship, including the company's:
    - o Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - o Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - o Record of sponsorship, donations and charitable giving.
- Promotion of the environment, health and public safety, including the impact of the company's activities, facilities and services.

DIRECTORS REMUNERATION

Directors and officers are remunerated in accordance with the company's remuneration policy that is administered by our Human Resource Department which is informed by instructions issued by the shareholders. The policy is executed in full compliance with legislative imperatives regulating remuneration in South Africa.

Remuneration of non-executive directors and independent audit committee members is determined in terms of the CoJ Group Remuneration Policy. The remuneration of non-executive directors is based on a fee per meeting attended and a retainer. There is no performance bonus element in the remuneration of non-executive directors.

NO.	NAME	DESIGNATION	MEETING FEE (R)	DATA & REIMBURSIVE TRAVEL	*OTHER	TOTAL (R)
1	Terry Tselane	Member	88 456	2 700	-	91 156
2	Samuel Mafadza	Member	81 022	91 048	13 698	185 768
3	Bongani Nkosi	Member	100 394	-	-	100 394
4	Sakhile Masango	Member	109 528	4 566		114 094
5	Shelly Childs	Member	117 523	-	23 411	140 934
6	Sandile Ndlungwane	Member	93 566	-	15 977	109 543
7	Caeser Molebatsi	Member	100 416	2 817	9 132	112 364
8	Khehla Shubane	Member	91 264	-	6 084	97 348
9	Sophonia Tsekedi	Member	-	-	-	-
10	Doris Dondur	Member	64 000	-	224 000	288 000
11	Abigail Ramakoaba	Member	24 000	-	48 000	72 000
12	Jan Mocke	Member	39 209	3 417	120 500	163 126
13	Livhuwani Nengovhela	Member	63 209	-	93 625	156 834
14	Sihle Ndlovu	Member	48 168	-	48 000	96 168
15	Pat Naidoo	Member	42 084	-	18 250	60 334
16	Harry Raborifi	Member	54 084	-	12 000	66 084
17	Madumetsa Makopo	Member	51 209	-	36 500	87 709
TOTAL			**1 168 132**	**104 548**	**669 177**	**1 941 856**

* Other- Directors are paid for participating in: AGM, Induction meeting (JM and COJ), Scheduled strategic workshops, Stakeholder engagements, COJ meetings, Chairpersons meetings, Strategic planning sessions, Shortlisting and interviews

* Travel claims for attending from Limpopo

Fees paid to the independent committee members for 2016/17 are listed below

NO.	NAME	DESIGNATION	MEETING FEE (R)	DATA&TRAVEL	OTHER	TOTAL (R)
1	Robert Hill	IM	41 829	0	52 566	94 395
2	Yashwant Gordan	IM	29 112	0	4 566	33 678
3	Harry Raborifi	IM	0	0	36 000	36 000
4	Robin Theunissen	IM	0	0	48 000	48 000
5	Cassim Tilly	IM	16 000	0	48 000	64 000
TOTAL			**86 941**	**0**	**189 132**	**276 073**

EXECUTIVE MANAGEMENT

The details of the market's leadership team are reflected below:

Mr Ayanda Kanana
CEO

Qualifications:

- CA(SA)
- Bachelor of Commerce Honours
- Bachelor of Commerce in Financial Accounting

Ms Benvinda Teixeira
CFO (Acting)

Qualifications:

- Bachelor of Commerce Degree
- Associate General Accountant (SAICA)
- Municipal Financial Management Programme Certificate

Ms Moronngoe Tladinyane
Executive Manager:
Strategy & Transformation

Qualifications:

- Master's in Business Administration
- Post Graduate Diploma in Business Administration
- Bachelor of Science Degree (Chem.)
- International Leadership Development Programme

Mr Tshifhiwa Madima
Executive Manager:
Agribusiness

Qualifications:

- Master's Degree in Agricultural Economics
- International Leadership Development Programme
- Honours degree in Agricultural Economics
- Bachelor of Agricultural Management Degree
- International Leadership Development Programme
- Municipal Financial Management Programme Certificate

Mr Josiah Mazibuko
Executive Manager:
Core Operations

Qualifications:

- Master of Science Degree in Engineering Business Management
- International Leadership Development Programme
- Senior Managers Programme
- Information Technology Leadership Programme
- Management Development Programme
- National Diploma: Electrical Engineering
- Artisanship Certificate as an Electrician

Mr Sunshine Ngcobo
Executive Manager:
Shared Services

Qualifications:

- Bachelor of Administration
- Public Administration (Honours)

EXECUTIVE REMUNERATION

NAME	DESIGNATION	SALARY	PENSION & MEDICAL AID	CELL PHONE	TRAVEL & SUBSISTENCE	ACTING	LEAVE PAY	OTHER	ARBITRATION	BONUS	TOTAL
Simangele Sekgobela	CEO							0	1 988 591		1 988 591
Bafana Dhlamini	CFO						366 626	0	1 342 394		1 709 020
Benvinda Teixeira	CFO (Acting)	891 627	225 783	29 500	0	124 322	44 756	14 008	0	94 704	1 424 700
Benvinda Teixeira	CEO (Acting)	175 575	47 907	7 200	0	24 864	0	2 530	0	0	258 799
Moronngoe Tladinyane	Strategy & Transformation Executive	1 461 563	133 205	39 000	54 644	0	0	26 662	0	97 607	1 812 681
Josiah Mazibuko	CEO (Acting)	1 299 026	119 826	39 000	0	142 034	68 176	17 717	0	91 620	1 777 399
Josiah Mazibuko	Core Operations Executive	259 114	24 656	6 500	0	0	0	2 926	0	0	293 197
Tshifiwa Madima	Agri-Business Executive	1 238 250	115 000	39 000	104 817	0	116 083	25 929	0	69 333	1 708 412
Charles Park	Core Operations Executive (Acting)	776 442	47 234	29 500	0	99 020	79 216	11 778	0	69 843	1 113 033
Sugar Ngcobo	Shared Services Executive	1 207 913	140 303	39 000	240 000	0	89 040	16 938	0	0	1 733 194
Thelma Melk	Company Secretary	856 336	129 444	38 400	0	0	42 635	12 018	0	68 346	1 147 179
Mandla Mdluli	CFO (Acting)	150 749	30 062	5 900	0	21 317	0	3 584	0	0	211 612
TOTAL		**8 316 595**	**1 013 420**	**273 000**	**400 185**	**411 557**	**439 906**	**134 090**	**3 330 985**	**491 453**	**15 177 817**

1. Other includes – Housing , Insurance & SDL
2. Simangele Sekgobela – CEO settlement January 2017
3. Bafana Dhlamini - CFO settlement January 2017
4. Benvinda Teixeira – Acting from November 2014 to April 2017 after which she was appointed as CEO (Acting)
5. Benvinda Teixeira – Acting CEO from May 2017 to July 2017, after which she was returned to CFO (Acting)
6. Josiah Mazibuko – Acting CEO from August 2015 to April 2017, after which he was returned to position of Executive Core Operations
7. Charles Park – Acting Core Operations Executive from August 2015 to April 2017, after which he was returned to position of Senior Manager Commission Business
8. Mandla Mdluli – Acting from May 2017 to 30 July 2017

SECTION 5
COMPANY SECRETARIAT FUNCTION

The Company Secretary is responsible for developing systems and processes to enable the Board to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory compliance and filing of all statutory returns with the Companies and Intellectual Property Commission (CIPC). The Company Secretary advises the Board on corporate governance issues, the requirements of the MSA and other relevant legislation.

The Company Secretary does not fulfil an executive management function and is not a director. The function acts as a link between the Board and Management as well as the Board and Shareholders.

Mr. Keeran Singh
Company Secretary (Acting)

SECTION 6
RISKS MANAGEMENT

The ARC oversees the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed. GRAS conducts annual strategic, physical and operational risk assessments whilst the company's ARC conducts oversight of all matters related to risk in the entity. The Board provides guidance to the organisation with respect to the company's risk control standards, and the entity's strategic risk register is monitored quarterly and reports are submitted to ARC and Group Risk Assurance Services.

At the beginning of the 2016/17 financial year the Board conducted a risk assessment for JM and the outcome was the identification of potential critical risks that can affect the company at strategic level and possibly hinder the attainment of business strategic objectives. At the same time the JM Management Team conducted the operational risks assessment, identifying potential risks likely to impact on the operations of each department.

The following table depicts the Risk Profile of JM as at 30 June 2017:

NO. RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	MANAGEMENT RISK MITIGATION ACTION PLANS
Ageing infrastructure and poor maintenance	**Very High (25)**	**Very High (23)**	• Appointment of the Maintenance Contracts. • Appointment of the Professional Service Providers (PSP) to develop the technical specifications for Capex and Opex projects. • Investigate permanent resources for maintenance.
Non-compliance with regulatory requirements / legislation	**Very High (20)**	**Very High (18)**	• Compliance training rolled out to business units. • Roll out of legislative universe. • Quarterly monitoring and evaluation by EXCO and the Board. • Development and implementation of a compliance framework that is aligned to that of CoJ. • Review and update the JM by-laws
Lack of a review of the current business model/ emerging business models	**Very High (20)**	**Very High (18)**	• Alignment of current business plan to mayoral priorities. • Comparison of JM to the Cape Town Market. • Alignment of the business model. • Improvement of key partnerships. • Review of the business architecture.
Business interruption/s	**Very High (20)**	**Very High (18)**	• Completion of Gen Farm. • Closer collaboration with City Power during power outages. • Development and implementation of a clear outage management communication strategy. • Appointment of PSP to provide designs for portable water and automatic fire suppression. • Board and Management decisions communicated to staff timeously. • Implementation of the Business Continuity strategy / Business Impact Analysis / Disaster Recovery Plans. • Installation of additional firefighting equipment per legislative requirement . • Installation of fire sprinklers.

NO. RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	MANAGEMENT RISK MITIGATION ACTION PLANS
Inadequate skill sets and lack of integrated HR Business Processes	**Very High (25)**	**High (13)**	• Conduct skills and qualifications audit. • Identification of new and critical positions within the organisation (Finalise the filling of critical positions). • Finalising the HR strategy and plan aimed at addressing retention and performance management. • Finalise competency framework. • Review of Human Resources (HR) policies.
Ineffective management and execution of business related processes and activities	**Very High (25)**	**High (13)**	• Appointment of the PSP to develop the technical specifications for Capex and Opex projects • Implementation of the Capex demand plans. • Development of process flows to streamline how projects are initiated and rolled out.
Fraud and Corruption	**Very High (25)**	**High (13)**	• Review the fraud and corruption policy. • Conducting fraud risk assessment. • Finalisation of the code of conduct. • Review the ethics policy. • Appointment of service provider to conduct fraud and ethics awareness including training.
Unsafe environment to employees and customers	**Very High (20)**	**Medium (10)**	• Improved access control infrastructure. • Host the JMPD bylaw enforcement unit at JM. • Enhance security features by building a brick wall aimed at replacing the palisade fence. • Implement vehicle anti-jamming system. • Increase the personnel monitoring Closed-Circuit Television (CCTV) in the control room. • Finalisation of the Disaster Management Plan, Business Continuity and Emergency Plan . • Reviewing the security contract.
Inadequate stakeholder / business partner relationship management	High (16)	Medium (8)	• Implementation of the Stakeholder Engagement Plan. • Quarterly stakeholder reports. • Approval of the Communication strategy and implementation plan by the Board. • Quarterly newsletter implemented to address communication challenges. • Introduction of stakeholder forums.

NO. RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	MANAGEMENT RISK MITIGATION ACTION PLANS
Inadequate information management and security	High (16)	Medium (8)	• Establishment of a physical document registry in compliance and in line with the archives Act. • Extend roll out of electronic document management system to the rest of the company. • Review and consider POPI and PAIA requirements with regards to access information. • Investigation of alternative archiving options and build necessary capacity to classify information and roll out to the rest of the entity.

SECTION 7
OCCUPATIONAL HEALTH AND SAFETY

In order to ensure compliance with the Occupational Health and Safety provisions and requirements, JM has the Safety, Health and Environment (SHE) Business Unit whose responsibility and mandate is to ensure compliance with, and enforcement of occupational health and safety legislative requirements as stated in the Occupational Health and Safety Act 85 of 1993 (OHSA) and applicable regulations.

During the 2016/2017 financial year the Section 16 and 17 (OHSA) appointments and designations were done and finalised by the Acting CEO. Furthermore the Health and Safety Committees were established in line with the provisions of the Act. These Committees were trained in various health and safety measures as dictated by the nature of business of JM.

The Health and Safety Committees have been functional throughout the year with meetings convened regularly as required; safety inspections were conducted throughout the establishment on a regular basis and reports submitted for discussion by the relevant Committees and Management.

Safety, Health and Environment (SHE).

SECTION 8
CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The company has developed the code of conduct which has been fully endorsed by the Board and applies to all directors and employees. The code is regularly reviewed and updated to ensure that it reflects the highest standard of behaviour and professionalism.

The code requires that all company employees act with utmost integrity and objectivity at all times, failing which a disciplinary action will be instituted. The code is discussed with new employees as part of the induction training and all employees are required to sign an annual declaration confirming compliance with the code.

A copy of the code is available to interested parties upon request.

"The company was further able to ensure the "Triple Bottom Line" principle is in place by displaying the economic, social and environmental impact induced by its operations."

SECTION 9
SUSTAINABILITY REPORT

The Board of Directors through its guidance, ensured that the company's strategy, risk, performance and sustainability imperatives are inseparable as required by the King Codes of Corporate Governance.

The company was further able to ensure the "Triple Bottom Line" principle is in place by displaying the economic, social and environmental impact induced by its operations. The sustainability of the company can be summarised as follows:

ENVIRONMENTAL ISSUES

- CoJ has adopted the Green City Program that seeks to reduce the carbon footprint of the CoJ. Many of CoJ's development decisions are taken with the need for a green planet in mind - from greening and cleaning the environment, to reducing the energy load in buildings, to cutting carbon emissions;
- JM has aligned its infrastructure program to that of the CoJ. The Green Economy is one of the key drivers and it is adopted in terms of the roll-out of all CAPEX projects.

ECO-FRIENDLY OPPORTUNITIES

- The SoA development will use materials like paved roadways as opposed to tarmac for parking areas to reduce thermal radiation into the atmosphere;
- Extensive landscaped areas with indigenous vegetation are proposed around the site and on underutilised land to reduce thermal radiation;
- JM has effective box and paper re-use and recycling systems in place;
- Recyclable waste is kept separated from general waste in order for recycling to take place;
- Organic waste is kept separated from general waste. Opportunities for processing of organic waste are being investigated for the Bio-Gas Project.

SECTION 10
CORPORATE SOCIAL RESPONSIBILITY REPORT

In line with the CoJ's Mayoral Priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress and strategic priority: Ensuring food security and safety, the JM contributed towards the CoJ vision of having a city where no one goes to bed hungry through its CSI program. Under this program, partnership was formed with the CoJ's DSD and 131 072 food donations were naded out to indigent families and Non Profit Organisations (NPO).

SECTION 11
ANTI-CORRUPTION AND FRAUD

The JM has no tolerance for fraud and corruption in the company. There is an Anti-Fraud and Corruption Policy that is approved and communicated to the entire staff in the organisation, which includes procedures related to the process of reporting fraud and the tip - off hotline. JM's Policy is aligned to CoJ Anti-Corruption Strategy which has four pillars: Prevention, Detection, Investigation and Resolution. All fraud and corruption allegations are investigated by CoJ's Group Forensics and Investigations Services (GFIS).

FRAUD HOTLINE

The company's Fraud Hotline facility is managed by a reputable external service provider and is well publicised and made visible on the company premises and website. The identity of people reporting cases through the fraud hotline is protected at all times. For the year to date, no direct calls were made to the facility. There are allegations that were raised directly with CoJ and these are under investigation by the GFIS.

The fraud hotline is a very useful tool in the fight against theft, bribery, misuse of the company's property and other unlawful acts. The Hotline facility can be accessed telephonically on 0800 00 25 87; SMS 32840; Email: anticorruption@tip-offs.com and website: tip-offs.com.

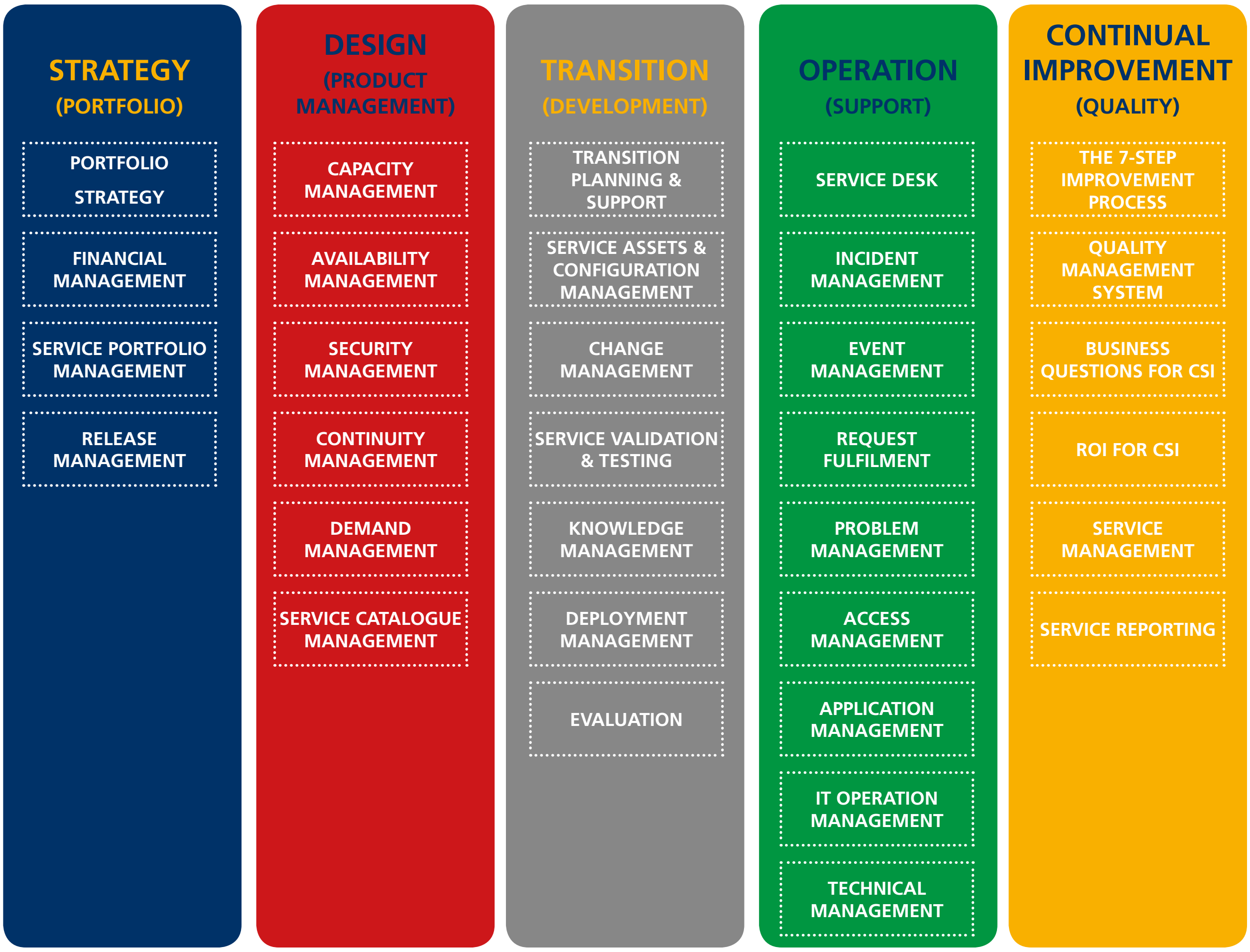
SECTION 12
ICT GOVERNANCE

Joburg Market's IT department is managed by the Senior Manager: Information Systems, who reports to the CEO. The IT department reports to the Service Delivery Committee on a quarterly basis.

The IT department governance framework is the ITIL (Information Systems Information Library) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework and is widely used in governments internationally.

The implementation plan in respect of the approved framework has been developed, and has a subset of eight policies, which are reviewed at least every 3 years, and audited annually.

There are a number of interrelated references of the ITIL Governance Framework, as depicted graphically below:



The CoJ has recently formed a task team which has been tasked with the establishment of a uniform ICT governance framework for the CoJ and all its entities. When the task team has published its recommendations, all entities will move to a common framework and resultant policies.

The IT department received a clean audit with no governance findings for the second consecutive year from the Auditor General.

On instruction from the Finance & Investment Committee during 2016/17, the IT department published a tender for outside consultants to align the IT strategy to the corporate strategy. The tender was awarded and consultations began with every department in the organisation during May 2017. The project is envisaged to be complete by the end of quarter 2 in the next financial year.

SECTION 13
SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT

The company adopted SCM systems in compliance with the provisions of the MFMA and the National Treasury: Municipal SCM Regulations of 2005. An SCM unit was established in September 2005 to monitor the implementation of the organisation's SCM policies in line with the regulations which seek to modernise financial governance and improve accountability and transparency of processes.

SCM policies provide for the exclusion of awards to persons in the service of the state and this is subject to the exemptions and regulations issued by National Treasury from time to time. The company furthermore implemented the three committee bidding process that involved the establishment of three separate committees for bid specification, bid evaluation and bid adjudication.

The Board ensured that the procurement policy embraces the objectives of BBBEE and the CEO, as the JM Accounting Officer and custodian, ensures its effective implementation. The capital projects implemented during this period served as valuable foundations for ensuring increased participation from SMMEs in the JM BEE programmes. These efforts will be intensified even further and the company will continue to be sensitive to the financial constraints faced by emerging black businesses.

JM made procurement awards valued at R61.47 million during the year under review. All awards positively contributed to and complied with BBBEE requirements. The company, however, did not achieve the set BEE procurement target of R95 million for the 2016/2017 financial year. The company made no unsolicited bids. The 2016/2017 awards were made in terms of competitive bidding process of the MFMA.

SECTION 14
BATHO PELE PRINCIPLES

JM has aligned its strategies, implementation plans and business operations to the vision of Batho Pele, namely "a better life for all South Africans by putting people first".

The Batho Pele principles which are aligned to the constitution form the basis for our stakeholder engagement principles. The JM Board, executives and staff subscribe to the Batho Pele principles, which require all employees of the CoJ to be polite, open, transparent and deliver good service to the public.

These principles are the following:

- Consultation – citizens should be consulted about the level and quality of the public services they receive and, where possible, should be given a choice about the services that are offered.
- Service standards – citizens should be told what level and quality of service they will receive so that they are aware of what to expect.
- Access – all citizens should have equal access to the services to which they are entitled.
- Courtesy – citizens should be treated with courtesy and consideration.
- Information – citizens should be given full accurate information about the public services they are entitled to receive.
- Openness and transparency – citizens should be told how JM operates, the costs involved and who is in charge.
- Redress – if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
- Value for money – public service should be provided economically and efficiently in order to give citizens the best possible value for money

SERVICE DELIVERY PERFORMANCE

Turnover
R6 787 billion

1,190 million tons
of fresh produce sold.

43.47% MARKET SHARE

SECTION 1:
CORE BUSINESS

The company is mandated to manage and operate a market facility through the provision of facilities and complementary services to the fresh produce industry. This will include the following;

- Provision and management of profitable facilities and services for the distribution of fresh produce;
- Ensuring a competitive trading platform for fresh produce trading;
- Enabling market access, sustainable availability and affordable fresh produce; and
- Ensuring food safety and quality standards thus promoting healthy lifestyles.

Joburg Market provides trading facilities and complementary services in order to facilitate the trading of fresh fruit and vegetables. Trade takes place via a commission-based system in three food hubs, namely: Fruit, Vegetable and Potato & Onion Hub measuring a total of 75 000 m^2. The JM charges the producer a marginal 5% commission on all sales made from the trading floor. Cold storage services are provided to ensure compliant preservation of large volumes of produce which are required to be kept within the logistical cold chain.

SECTION 2:
ACHIEVEMENTS AND CHALLENGES

HIGHLIGHTS

The key achievements during the period under review include the following:

- strong liquidity and solvency ratios;
- turnover of R 6.787 billion against the R 6.778 billion of the previous year.
- fresh produce throughput of 1.311 million metric tons;
- overall mass performance was relatively good with total volumes increasing by 3.1% and 5.2% for potatoes and vegetables respectively, due to better yields as a result of the favourable weather conditions;
- fruit prices increased by 11.2% from R7.21 to R8.02 per kilogram year-on-year;
- conclusion of a feasibility study into the utilisation and optimisation of the 24 hectare vacant portion of land for the development of an agro-processing hub;
- implementation of an accredited training program with Agricultural Sector Education Training Authority for emerging farmers.

CHALLENGES

The company experienced the following challenges during the 2016/2017 financial year:

- Low Capex spend as key projects failed at the bid evaluation process stage due to shortcomings related to specification challenges, insufficient compliance and non-response by tenderers;
- The over-supply of potatoes and onions led to a continuation of substantially low prices which affected the commission income JM collects on an ad valorem rate of 5% from sales. This resulted in the underperformance of budgeted turnover from R6, 989M to R6.787M;
- The supply of bananas to JM was reduced significantly during the period under review, largely due to shortages from production areas that were attributable to climatic and other environmental factors.
- OHS Act Legislative and Regulatory Compliance – numerous meetings were held to facilitate the development and implementation of robust action plans aimed at mitigating identified risk areas. Good progress regarding the appointment of GMR 16 (2), the certification of the ammonia plant pressure vessels and the accreditation of fire-fighting equipment was made. Industry specialists were consulted to accelerate resolution of technical issues.
- The JM Food Support Centre operated below capacity due to lack of funding for the food security programme mandated by the CoJ's Department of Social Development.

SECTION 3:
PERFORMANCE AGAINST IDP AND COJ SCORECARD

IDP PROGRAMME	KPI	BASELINE	2016/17 TARGET	CUMULATIVE ACHIEVEMENT
Urban farmers support	% growth in market share of emerging producers	6% market share acquired	8% market share acquired by emerging producers	• Target achieved and exceeded. • 10.1% market share has been acquired at JM by emerging producers YTD

PERFORMANCE AGAINST SHAREHOLDER COMPACT AND COMPLIANCE WITH SERVICE STANDARDS

SERVICE ASPECT		MINIMUM ACCEPTABLE SERVICE STANDARD	MINIMUM ACCEPTABLE TURNAROUND TIME	DEVIATIONS/ MITIGATION
Information Technology function	Electronic Sales Processing System (Real Time trading system)	Downtime per annum 1.5 hours	30 minutes to the mirror/back-up system to go live.	Complied with standards
Finance Department	Cashiering system (Wholesale transaction environment)	Payment queues: 20 minutes per customer	15 minutes to resolve queries during depositing	Complied with standards
Marketing and Communications	Customer enquiries at trading hall services points	Query resolution: 20 minutes	Activation of next level resolution mechanism: 15 minutes	Complied with standards
	Customer accounts	Statement enquiries: 15 minutes	Activation of next level query: 10 minute resolution	No incidents reported
Consignment Control	Consignment control: Received produce for clearance at entrance gate	20 minutes per truck to clear	15 minutes per truck if queried on content	Complied with standards
Operations	Cold storage continuity during technical breakdowns	24 hours	8 hours to 2nd tier continuity arrangements	Complied with standards
	Ripening rooms continuity during a technical breakdown	48 hours	4 hours to 2nd tier continuity arrangements	Complied to standards
Stakeholder relations	Dealing with external producer/supplier complaints	3 days to resolve	12 hours to first response	Complied with standards
	Dealing with Market located queries from agents, buyers and tenants	3 days	5 hours to first response	Complied with standards

SECTION 4:
PERFORMANCE AGAINST COMPANY SCORECARD

The JM uses the scorecard methodology to monitor and evaluate the implementation of the organisational strategic objectives and targets developed and approved by the Board of Directors. The scorecard assists in providing a clear breakdown of the company's strategy. During the process of developing the 2016/17 corporate scorecard, various Key Performance Indicators (KPI's) were set to drive the market's strategic objectives.

The table below presents a summary of the company's performance against the 2016/17 Annual KPI's as at 30 June 2017.

ITEM	NUMBER KPI'S
Total no. of KPIs on scorecard	11
No. of KPI's due for achievement	11
Number achieved	5
Number not achieved	6
% achievement	45.45%
No. of KPI exceeded	5

The detailed performance analysis is indicated below:

KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET	RESULTS /	DEVIATIONS/ MITIGATION
STRATEGIC OBJECTIVE 1: OPERATE A SUSTAINABLE RESILIENT WORLD CLASS MARKETING AND TRADING FACILITY				
(1.1) **% Targeted market share held by JM in relation to other National Fresh Produce Markets (FPMs)**	40% Targeted market share held by JM in relation to other FPMs	41% Targeted market share held by JM in relation to other FPMs	43.47% Targeted market share held by JM in relation to other FPMs	Target achieved and exceeded
	R5.8 billion	R6.3 billion	R6.78 billion	
STRATEGIC OBJECTIVE 2: BECOME AN AGENT OF SOCIO-ECONOMIC TRANSFORMATION				
(2.1) **% achievement of BEE portion targets in total procurement**	108% Achievement of BEE portion targets in total procurement	110% Achievement of BEE portion targets in total procurement	71.18% Achievement of BEE portion targets in total procurement	Target was not achieved. JM will review its BEE procurement policy and introduce measures to improve the abovementioned.
	R44.9m	R95m	R61. 47m	
(2.2) **% Targeted market share achieved by emerging farmers at JM**	6% Targeted market share achieved by emerging farmers at JM	8% Targeted market share achieved by emerging farmers at JM	10.1% targeted market share achieved by emerging farmers at JM	Target was achieved and exceeded
(2.3) **No. of co-operatives / SMMEs utilised by JM in Jozi@Work programme.**	0 co-operatives / SMMEs utilised by JM in Jozi@Work programme	7 co-operatives / SMMEs utilised by JM in Jozi@Work programme 7	10 co-operatives / SMMEs utilised by JM in Jozi@Work programme	Target was achieved and exceeded
(2.4) **% customer satisfaction achieved as per survey of overall satisfaction**	70% customer satisfaction achieved as per survey of overall satisfaction	75% customer satisfaction achieved as per survey of overall satisfaction	The survey was not conducted	Target not achieved. JM will introduce a new formula and specification for the survey during 2018.
	1 x survey	Survey done	Survey not done	

KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET	RESULTS /	DEVIATIONS/ MITIGATION
STRATEGIC OBJECTIVE 3: ENSURE FINANCIAL SUSTAINABILITY AND GROWTH OF THE ENTITY				
(3.1) **% Targeted collection level for total billing**	95% Targeted collection level for total billing	97% Targeted collection level for total billing	98% Targeted collection level for total billing	Target was achieved and exceeded.
	R55.4m	R58.6m	R59.21m	
(3.2) **Achieve a clean Audit**	Unqualified audit achieved	Clean audit achieved	Unqualified audit achieved	Target not achieved. JM is introducing remedial measures and improved compliance procedures to mitigate in this regard.
STRATEGIC OBJECTIVE 4: OPERATIONAL EXCELLENCE				
(4.1) **R/M value of CAPEX spent**	R108,2M value of CAPEX spent	R74,204M value of CAPEX spent (mid-year review)	R29.8 m value of CAPEX spent	Target not achieved. JM is introducing a CAPEX Committee with measure to achieve targets
STRATEGIC OBJECTIVE 5: SUPPORT THE COJ IN ENSURING FOOD SECURITY				
(5.1) **Targeted number of donations for NGOs and indigent beneficiaries**	135000 – Targeted number of donations for NGOs and indigent beneficiaries	140000 - Targeted number of donations for NGOs and indigent beneficiaries	131 072 - Targeted number of donations for NGOs and indigent beneficiaries	Target was not achieved. DSD contribution was discontinued due to budget constraints. JM will explore new avenues to improve donation levels.
STRATEGIC OBJECTIVE 6: ENSURE THAT OUR STAFF ARE ENGAGED, SKILLED, MOTIVATED AND SATISFIED				
(6.1) **% of targeted staff members trained**	233% of targeted staff members trained	100% of targeted staff members trained	155.24% of targeted staff members trained	Target was achieved and exceeded
	180	105	163	
(6.2) **% Remuneration to operational expenditure**	39.8% remune-ration to operational expenditure	39.5% remuneration to operational expenditure	50% remuneration to operational expenditure	Target was not achieved. JM will introduce review measures to improve the ratio.
	R102.8 m	R102 m	R98.7 m	

SECTION 5:
ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICES CHARGES

- The company was not in arrears on any municipal taxes and service charges for the period under review.
- Amount owed by JM for Service Charges to the CoJ Metropolitan Municipality was R59 171 218.
- Assessment of Directors and Senior Managers' Municipal Accounts
    - o No amounts other than those emanating from legitimate queries are owed by directors and officers to any local authority.

SECTION 6:
STATEMENT OF AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

At the end of 2016/2017 financial year the following amounts were owed to JM by other entities:

- R82 174 631 - CoJ Metropolitan Municipality
- R189 160 - Pickitup Johannesburg (SOC) Ltd
- R160 547 - City of Joburg Property Company (SOC) Ltd

SECTION 7:
RECOMMENDATIONS AND PLANS FOR THE NEXT FINANCIAL YEAR

- **Appointment of preventative maintenance service providers**

  The appointment of building and civil preventative maintenance service providers remains critical to the successful execution of repairs and maintenance in order to address the maintenance backlog and attract new tenants at the JM.

- **Business Cases**

  The finalisation of a number of business cases to be accelerated so as to improve on CAPEX spending which remains a challenge within the organisation.

- **Capital Expenditure**

  Appointment of extra bid committee members to capacitate the throughput of the committees in line with ensuring that CAPEX spent is accelerated.

- **Resolution of Identified Risks at the Ammonia Plant**

  Special focus will be placed on the resolution of remaining identified risks at the ammonia plant.

CHAPTER FOUR

HUMAN RESOURCES AND OCCUPATIONAL DEVELOPMENT

327
Total number of Joburg Market employees

R134 550 537 million
Employees paid including Board members and interns

SECTION 1:
GENERAL HUMAN RESOURCE MANAGEMENT

The strategic intent of the human resources function in the JM is underpinned by the principles of integrating all human resource processes and systems with the JM strategic objectives to ensure the creation of a centre of excellence for all employees, realising a high performance organisation, creating and maintaining strategic partnerships with critical stakeholders, ensuring that employees are skilled, engaged, motivated and satisfied, and that the company provides a safe environment for its employees.

JM has to maintain its reputation of being an employer of choice for current and future employees, and this can only be realised through the effective roll-out of an Integrated Human Resources Management & Development (HRM&D) Strategy, which looks, amongst other things, at HR policies, processes, systems and procedures that are fully compliant with labour legislation and the shareholder strategic directives.

The Board approved the HRM&D Strategy, which is the five year plan that is reviewed annually in line with the changes in business strategy and legislation. Within it, as part of the Strategy, is the implementation plan that sets out annual deliverables over the period of five years.

For the financial year under review, the following key programmes were delivered.

- Review of the unit level organisational structure – this project has been carried forward to 2017/18;
- Roll-out the formal performance management system to level 4 employees (managers);
- Conduct job evaluation and develop standardised job profiles for all positions to be used as a basis for recruitment and career pathing;
- Conduct employee climate survey to understand current challenges regarding organisational culture, and use the results to design future/ideal organisational culture;
- Implement a leadership development programme for all supervisors, managers and executives to invest in the continuous development of leadership;
- Adopt and implement Key Salary Scale based on the TASK Job Evaluation System;
- Conduct a review of HR Policies, SOP's and Processes as and when required, ensuring alignment to legislative requirements and best practice.

SECTION 2:
EMPLOYMENT EQUITY

EMPLOYMENT EQUITY PROFILE AS AT 30 JUNE 2017

OCCUPATIONAL LEVELS	TARGET AS AT JUNE 2017									STATUS AS AT JUNE 2017								
	MALE				FEMALE					MALE				FEMALE				
	A	C	I	W	A	C	I	W		A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	1	0	0	0	**1**	0	0	0	0	0	0	0	0	**0**
Senior Manager	2	0	0	1	2	0	0	1	**6**	3	0	0	0	1	0	0	0	**4**
Mid Manager / Professional	10	2	3	8	10	0	0	4	**37**	17	2	3	7	10	0	0	2	**41**
Skilled Tech / Junior Manager	25	0	1	3	24	1	1	6	**61**	33	1	1	2	27	2	1	7	**74**
Semi-skilled	78	3	0	5	68	8	2	16	**180**	75	2	0	3	75	5	0	8	**168**
Unskilled	8	0	0	2	11	0	0	2	**23**	19	0	0	0	21	0	0	0	**40**
TOTAL	**123**	**5**	**4**	**19**	**116**	**9**	**3**	**29**	**308**	**147**	**5**	**4**	**12**	**134**	**7**	**1**	**17**	**327**

JM has consistently met its set target over the five year period 2012-2017, with the African population group targets being exceeded. The employee demographic profile is to a larger extent fully representative, despite the skew within occupational categories. The new five year plan for 2017 – 2022 places emphasis on the need to recruit, in particular, members of the Indian and White population to improve representation in that group, especially the females.

JM EMPLOYEE PROFILE COMPARED TO NATIONAL AND PROVINCIAL DEMOGRAPHICS

	GENDER	A	C	I	W	TOTAL
National EAP (Economically Active Population)	Male	42.8%	5.3%	1.8%	5.3%	55.2%
	Female	35.1%	4.5%	1.0%	4.2%	44.8%
	Total	**77.9%**	**9.8%**	**2.8%**	**9.5%**	**100%**
Provincial (Gauteng) EAP	Male	44.7%	1.7%	1.8%	7.9%	56.1%
	Female	35.2%	1.3%	1.1%	6.3%	43.9
	Total	**79.9%**	**3.0%**	**2.9%**	**14.2%**	**100%**
Joburg Market Workforce profile	Male	44.92%	1.54%	1.23%	3.69%	51.38%
	Female	40.92%	2.15%	0.31%	5.23%	48.62%
	Total	**85.85%**	**3.69%**	**1.54%**	**8.92%**	**100%**

SECTION 3: VACANCIES

For the past two financial years JM has had two senior and key positions vacant. The process of filling these critical vacancies of CEO and CFO was initiated by JM after the Board approved in March 2017 that these positions be filled. The Recruitment Agency was appointed and worked with the Shareholder (CoJ) on the filling of the positions. The process of appointment for these positions could not be finalised before the end of the period under review and is anticipated to be finalised in the first quarter of the new financial year.

As at end of 30 June 2017 JM had 66 vacancies (17.4%) against the total number of 396 positions in the organisational structure.

Due to budgetary constraints, JM is filling the vacant positions in a phased approach that will span between short to long term periods. During the period under review, seventeen critical positions were prioritised and advertised to be filled. The prioritisation of vacant positions was biased towards key strategic, statutory/compliance, key operational, and revenue generating positions.

DESCRIPTION	2016/17			
	APPROVED NO. OF POSTS	NO. OF EMPLOYEES	NO. OF VACANCIES	% OF VACANCIES
Top management	1		1	100
Executive management	5	4	1	20
Senior management	18	15	3	16.6
Middle management	34	26	8	23.5
Skilled technical/junior management	107	74	33	30.8
Semi-skilled	187	168	19	10.2
Unskilled housekeepers/cleaners	44	40	4	9.1
Total	396	327	66	17.4

SECTION 4:
STAFF MOVEMENT

The attrition rate on staff complement is within the acceptable norm. However, due to the constant use of temporary employees in the cashiering unit, one may read the statistics to indicate high turnover, which is not the case. The terminations are characterised by the high turnover in only certain occupational categories which is an exception to the rule when measuring turnover. Overall, JM does not have a high turnover.

The table below shows staff movements for the year ended 30 June 2017.

DESCRIPTION	Q1	Q2	Q3	Q4
Resignations		1	1	2
Contract expired	1	3	7	-
Retirement	-	1	2	1
Dismissals	-	-	-	-
Death	-	-	-	1
TOTAL	1	5	10	4

SECTION 5:
EMPLOYEE REMUNERATION

For the financial year the total salary expenditure when compared to the total operational budget, is higher than the set threshold of 39.5%. This was as a result of, among other things, the implementation of the outcomes of the salary parity and benchmarking exercise driven from the CoJ, which included entities; the adjustment of employer contribution to retirement from 10% to 18% of the basic salary; and the settlements reached with five Senior Managers following the protracted labour disputes.

OPEX BUDGET	EMPLOYEES PAID (INC. BOARD + INTERNS)	PERCENTAGE OF SALARY TO OPEX
R297 364 667	R134 550 537	45%

SECTION 6:
SKILLS DEVELOPMENT AND TRAINING

The strategic intent of human resources is to build a centre of excellence for JM to ensure it meets its strategic objectives through continuous capacity building initiatives. The key focus for the year was on building requisite management skills within the management team to set the foundation for the performance enhancement across the company, and also the continued skills development to build the requisite capacity and create a professional environment.

The employee development initiatives are continuously reviewed using the outcomes of the performance assessment results, and the workplace skills plan is guided by these outcomes.

Completed skills development initiatives for the year included:

- A total of twenty three Senior Managers and Executives have been enrolled for Municipal Executive Finance Management Programme;
- Seven managers are enrolled for Leadership Development programmes as part of the leadership pipeline development;
- A total of one hundred and seventy seven employees have undergone training on key legislation to ensure a deeper understanding of the impact on their employment relationships;
- Fifteen senior managers and executives completed the Municipal Executive Finance Management Programme;
- Ten employees completed the Wholesale and Retail SETA learnership programme for Supervisory Skills;
- Nine employees completed an artisan learnership;
- Five forklift drivers underwent the annual compliance training in line with the Occupational Health and Safety requirement;
- Nineteen interns constituting young graduates have been given opportunities for experiential training and will complete their internship programme during the 2017/2018 financial year.

SECTION 7:
DISCIPLINARY MATTERS

The continuous engagement with organised labour remains a priority for the company and the engagements are candid to ensure relationship management. The company, through the Labour Relations Unit, hosts a vibrant Local Labour Forum that creates an engagement platform for the employer and employees.

Below is the information on labour matters for the financial year.

	NO OF CASES	NATURE OF ALLEGATIONS	STATUS
Internal labour cases	4	• Leaking of the interview questionnaire • Gross dishonesty and /or fraud	• final written warning issued • disciplinary hearing pending
CCMA cases	2	• unfair discrimination • unequal pay for work of equal value	• conciliation in progress • matter referred back to disputing parties
Labour court cases	2	• Contractual dispute • Dispute of settlement reached	• Matter struck off the roll • Awaiting court date

SECTION 8:
PERFORMANCE MANAGEMENT

The HR strategy places emphasis on creating a high performance culture in the company. Efforts towards realising this goal were put in motion with the review of the performance management policy and aligning it to CoJ's Performance Management Policy and Department of Cooperative Governance and Traditional Affairs performance regulations. The roll out of the formal performance management system to level 4 employees was completed and all managers signed performance agreements. Further, this process will see the cascading of performance management to the lower levels in the next financial year. JM will engage organised labour to explore options towards achieving this goal, and the process of exploring non-cash incentives for such employees will be initiated.

SECTION 9:
LEAVE MANAGEMENT

Leave management remains a priority for the HR Business Unit and all managers are required to monitor the attendance at work of their employees within departments. A new duplicate leave administration system was introduced to ensure all leave applied for is recorded, which was previously a challenge with leave forms not reaching human resources department for capturing. The new leave form numbering system has instilled some level of accountability in managers for leave management.

The maximum leave accumulation is 48 days at any given point in time. Every effort is made to ensure no employee reaches the maximum or exceeds the maximum, by directing employees to take 16 days compulsory leave within the cycle, thus reducing the liability for JM.

COST OF SICK LEAVE

SALARY BAND	TOTAL SICK LEAVE	EMPLOYEES USING SICK LEAVE	TOTAL EMPLOYEES IN POST	AVERAGE SICK LEAVE PER EMPLOYEE	ESTIMATED COST
	Days	No.	No.	Days	R'000
Top management	0	0	0	0	0
Executive management (including chief audit executive)	18	3	4	4.5	72
Senior management	43	11	15	2.87	110
Middle management	180	22	26	6.92	183
Skilled technical/junior management	701	67	74	9.47	403
Semi-skilled	1975	153	168	11.76	687
Unskilled	489	32	40	12.22	88
TOTAL	**3406**	**288**	**327**	**10.41**	**1 543**

TYPE OF LEAVE	DAYS 2016/2017	EMPLOYEES ACCESSING LEAVE
Annual Leave	5776	323
Sick Leave	3406	288
Family Responsibility Leave	334*	109
Study Leave	230	35
Other (Maternity, Special Leave, long service, COID, paternity)	1131	33
TOTAL	**10877**	**334**

**The above table includes employees who resigned*

SECTION 10: EMPLOYEE WELLNESS

JM recognises that the pace and pressures of today's work environment are such that employees and their families do need wellness support on occasion to cope. JM has the wellness of employees at heart, and in support of this caring organisational culture and in terms of the employee wellness policy, JM has an established Clinic that assists employees and all JM stakeholders with a wide range of personal and work related health and wellness issues.

The clinic plays a vital role in educating employees and creating awareness of health issues through quarterly wellness campaigns. These are coordinated via strategic partnerships with private health care providers, the CoJ's Department of Health and the medical aid schemes.

HIV/AIDS MANAGEMENT

HIV remains on the radar of the company's wellness programme; with voluntary counselling and testing done quarterly to educate people on the importance of knowing their status. On World AIDS Day in December 2016; the service was extended to the public within the premises, with a total of 203 people testing and 20 new infections detected.

SECTION 11:
EMPLOYEE BENEFITS

The JM employee benefits are market competitive and are aligned with the local government bargaining council's collective agreements. There are three retirement schemes and operational funds recognised in the JM which caters for particular categories of employees based on tenure in the company. JM has aligned its employee benefits to those of the bargaining council and all employees receive the listed benefits:

- Momentum Provident Fund- 207 members
- E-Joburg Retirement Fund – 104 members
- City of Johannesburg Pension Fund – 16 members

The JM makes an 18% contribution of the employee's basic salary towards the retirement fund benefit; while those on cost to company have the employer contribution included in their salary package.

Consultations with Momentum members and their representatives are underway regarding the migration of members to e-Joburg Retirement Fund as per the directive of the CoJ.

MEDICAL AID SCHEME

In order to ensure that employees are healthy and enjoy a productive life, the company's conditions of employment make it compulsory that all employees belong to a medical aid scheme. The JM subsidises the employee contributions at the rate of 60% of the applicable contribution with a set maximum as defined by the main collective agreement concluded at the South African Local Government Bargaining Council.

Three schemes are recognised:

- Bonitas:– 235 members;
- Discovery Health:– 34 members;
- LA Health:– 7 members.

In line with the provisions of the Medical Schemes Act; JM appointed a medical aid broker that is responsible for assisting members with all queries related to medical aid scheme membership while also educating them on the usage of benefits, including extended cover associated with premium.

The scheme brokers also serve as strategic partners for the company's wellness programmes by providing health education and health promotion materials, including participation in wellness days.

R 124 022 million
Cash position

R461 703 million
Total net asset

R415 230 million
Revenue generated

R74 269 million
Surplus Generated

CHAPTER FIVE

ANNUAL FINANCIAL STATEMENTS

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GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Providing of infrastructure to distribute fresh produce mainly in the Gauteng area
DIRECTORS	Ms D Dondur (Chairperson) Mr M Makopo Mr J Mocke Dr P Naidoo Mr S Ndlovu Mr L Nengovhela Ms A Ramakoaba Mr A Kanana
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 (ACTING)	Mr K Singh
COMPANY REGISTRATION NUMBER	2000/023383/07

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on page 74 to 131 which have been prepared on the going concern basis, were approved by the directors on 29 November 2017 and were signed on its behalf by:

Ms D Dondur
Chairperson of the Board

Johannesburg
29 November 2017

Mr A Kanana
Chief Executive Officer

Johannesburg
29 November 2017

AUDIT AND RISK COMMITTEE REPORT

This Audit and Risk Committee report is presented as recommended by the King Code. 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 two non-executive directors and three independent Committee members.

The CEO and CFO serve as members of the Committee. The Head of Internal Audit and Senior Manager: Compliance are required to attend the 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). Three ordinary and two special meetings were held during the financial year under review.

NAME OF MEMBER	ROLE	APPOINTMENT OR END DATE	QUALIFICATIONS	NO OF MEETINGS
Mr R Theunissen	Independent Audit Committee Member ; Chairperson	16 March 2017	• CA (SA) • B. Accounting • Registered Auditor • Diploma in Criminal Justice and Forensic Auditing	None**
Mr S Masango	Non -Executive Director; Chairperson	15 March 2016 16 March 2017*	• CA (SA) • Independent Regulatory Board for Auditors • B Compt Hons/CTA	4/5#
Mr M Makopo	Non -Executive Director	10 May 2017	• B Comm (Economics, Insurance and Risk Management)	None**
Mr B Nkosi	Non -Executive Director	03 February 2015 16 March 2017***	• B.Comm (Economics) • MBL	5/5***
Mr C Tilly	Independent Committee Member	10 May 2017	• CA (SA) • M. Com (SA Domestic & International TA) • P.G.Dip Auditing • B. Compt Hons/ C.T.A • B. Com	None#
Mr H Raborifi	Independent Committee Member	16 March 2017 10 May 2017 (Board)	• B Juris • LLB	None#
Mr Y Gordhan	Independent Committee Member	03 February 2015 16 March 2017***	• CA (SA) • Master of Science (Bus, Admin)	3/5***
Mr RS Hill	Independent Committee Member	25 February 2014	• BSc (Information Processing) • Higher Diploma in Computer Auditing • BSc Honours (Computer Science)	5/5

* Appointed 16 March 2017 ** Appointed 10 May 2017 *** Retired 16 March 2017 # Resigned 16 March 2017

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 recommended 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;

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

- 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 that the risk assessments 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, 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.
- Finalised high risk matters in the year under review

ASSESSMENT OF INTERNAL AUDIT

The Audit and Risk Committee is 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.

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 III, the Audit and Risk Committee is required to assess the company's financial function as well as the competency of the Chief Financial Officer (Acting). The Audit and Risk Committee has performed this assessment and accordingly the 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.

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 risk as it relates to financial reporting.

ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has evaluated the unaudited annual financial statements for the year ended 30 June 2017 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 concurs and accepts the Auditor-General's report on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

The Audit and Risk Committee has evaluated the integrated Annual Report for the year ended 30 June 2017 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 the adoption of this Annual Report by the Board of Directors at their meeting on 29 November 2017.

Mr R Theunissen
Chairperson of the Audit and Risk Committee

28 November 2017'

REPORT OF THE AUDITOR GENERAL

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Joburg Market SOC Limited set out on pages … to …, which comprise statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and appropriation statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Market SOC Limited as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Companies Act).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa.

   I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material uncertainty

7. As disclosed in note 26 to the financial statements, the municipal entity is the defendant in various court cases. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material impairment

8. As disclosed in note 3 to the financial statements, the receivable from exchange transactions balance has been significantly impaired. The impairment of this balance amounted to R11 430 636 (2015-16: R10 238 094), which represents 25.0% (2015-16: 20.7%) of total gross receivables from exchange transactions.

Other matter

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

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the Municipal Finance Management Act (MFMA) the municipal entity is required to disclose particulars of non-compliance with the MFMA.

    This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of accounting officer

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Companies Act and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the Joburg Market SOC Limited's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 1: Operate a sustainable resilient world class marketing & trading facility	x – x
Objective 4: Operational excellence	x – x
Pbjective 5: Support the CoJ in ensuring food security	x – x

18. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. he material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Objective 5: Support the CoJ in ensuring food security

20. The municipal entity did not measure actual achievement of the performance indicator as per the entity's technical indicator description definitions, resulting in a material misstatement of reported actual achievement.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
    - Objective 1: Operate a sustainable resilient world class marketing & trading facility
    - Objective 4: Operational excellence

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under / overachievement of a significant number of targets. This information should be considered in the context of

the material findings on the usefulness and reliability of the reported performance information in paragraph x of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 5: Support the CoJ in ensuring food security. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the [type of auditee] with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of repairs and maintenance expenditure with a corresponding material misstatement in respect of property plant and equipment identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

28. Sufficient appropriate audit evidence could not be provided that 2 selected awards to the value of R8 039 921 were made in accordance with the requirements of applicable SCM legislation. No alternative audit procedures could be performed to obtain reasonable assurance that the expenditure incurred on these awards was not irregular.
29. Three awards to the value of R308 388 were procured without inviting at least the minimum prescribed number of written price quotations from prospective suppliers and the deviation was not approved by a properly delegated official.
30. The performance of 7 contractors or providers was not monitored monthly. The total value of related contracts was R56 532 853.

Expenditure management

31. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

Consequence management

32. Appropriate action was not taken against officials of the municipal entity where investigations proved financial misconduct, as required by section 172(3)(b) of the Municipal Finance Management Act and Municipal regulations on financial misconduct procedures and criminal proceedings 6(8).

Other information

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

38. Leadership did not perform adequate oversight over financial reporting, performance reporting and compliance with legislation and related internal controls. This resulted in material instances of non-compliance with laws and regulations.

Financial and performance management

39. Management did not prepare both accurate financial statements and performance reports, which resulted in material misstatements as a result of the audit process.

40. Management did not identify areas of non-compliance in supply chain management regulations due to a lack of training and understanding as well as applying due care, which resulted in irregular expenditure.

Risk management activities and risk strategy

41. Risk management activities did not result in the implementation of preventative measures to ensure accurate financial statements and an accurate annual performance report.

Auditor - General

Johannesburg
30 November 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Joburg Market SOC Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipal entity to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

DIRECTORS' REPORT

The directors hereby submit their report for the year ended 30 June 2017.

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

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

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements. Revenue comprising mainly commission income increased by 2.4%. Macro factors which are prevalent in the production and trading of fresh produce have introduced some volatility in price discovery. In view of the latter it is regarded as prudent for the entity to follow its internal forecasting model.

The net surplus of the entity was R 74 269 503 (2016: surplus R 73 939 497), after taxation of R 25 749 992 (2016: R28 872 958).

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 City of Johannesburg Metropolitan Municipality, has confirmed its financial support to the entity, should it be required.

The current assets of the entity exceeds its current liabilities at year end by R126,318,838 (2016: R 57,421,396). The net liquidity position of the entity has strengthened by R68,897,442 over the last year. Included in current liabilities is an amount of R 15,146,780 (2016: R 22,276,995) 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.

4. SUBSEQUENT EVENTS

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

Chief Executive Officer, Mr Ayanda Kanana, has been appointed effective 1 September 2017.

5. DIRECTORS' PERSONAL FINANCIAL INTERESTS

None of the directors have declared 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 Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

There were no changes in accounting policies during the year.

7. SHARE CAPITAL

There were no changes in the authorised or issued share capital of the 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.

8. BORROWING LIMITATIONS

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

9. NON-CURRENT ASSETS

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

Property plant and equipment to the value of R 28,893,900 (2016: R 54,201,793) and intangible assets to the value of R 980,613 (2016: R 5,080,234) were acquired during the year under review.

10. DIVIDENDS

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

11. DIRECTORS

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

NAME	NATIONALITY	CHANGES
Non-Executive Directors		
Ms D Dondur (Chairperson)	South African	Appointed 16 March 2017
Mr J Mocke	South African	Appointed 16 March 2017
Mr M Makopo	South African	Appointed 10 May 2017
Dr P Naidoo	South African	Appointed 10 May 2017
Mr S Ndlovu	South African	Appointed 16 March 2017
Mr L Nengovhela	South African	Appointed 16 March 2017
Mr H Raborifi	South African	Appointed 10 May 2017, resigned 10 July 2017
Ms A Ramakoaba	South African	Appointed 16 March 2017
Mr S Mafadza	South African	Retired 16 March 2017
Mr S Masango	South African	Resigned 16 March 2017
Mr C Molebatsi	South African	Retired 16 March 2017
Ms S Childs	South African	Retired 16 March 2017
Mr S Ndlungwane	South African	Retired 16 March 2017
Mr B Nkosi	South African	Retired 16 March 2017
Bishop S Tsekedi	South African	Retired 16 March 2017
Mr T Tselane	South African	Retired 16 March 2017
Mr K Shubane (Chairperson)	South African	Resigned 16 March 2017

12. SECRETARY

Ms T Melk was appointed on 01 July 2013 as secretary of the entity.

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 best practice.

The Board of Directors have endeavoured to comply with the requirements of King III 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:
  - 8 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 a non-executive and independent 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 Senior Managers, 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.

BOARD AND COMMITTEE MEETINGS

The Directors have met on 11 separate occasions during the financial year. The Directors were scheduled to meet 6 times within the year. Ongoing investigations necessitated 5 additional special meetings.

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

NAME	BOARD MEETING	AUDIT & RISK COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	SERVICE DELIVERY COMMITTEE MEETING	FINANCE, INVESTMENT AND PROCUREMENT COMMITTEE	SOCIAL & ETHICS
Total number of meetings held	**11**	**5**	**6**	**5**	**6**	**2**
Ms D Dondur (Chairperson) #	4					
Mr M Makopo #	4				1	
Mr J Mocke #	2		1	1		
Dr P Naidoo #	4			-		
Mr S Ndlovu #	3		1			

NAME	BOARD MEETING	AUDIT & RISK COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	SERVICE DELIVERY COMMITTEE MEETING	FINANCE, INVESTMENT AND PROCUREMENT COMMITTEE	SOCIAL & ETHICS
Mr L Nengovhela #	4		1		1	
Mr H Raborifi #	3		1		1	
Ms A Ramakoaba #	2					
Mr S Mafadza *	6		6	5		
Mr S Masango **	7	4			4	
Mr C Molebatsi *	7		5	5		2
Mr S Ndlungwane *	6	5	6	5	1	1
Mr B Nkosi *	5				5	
Bishop S Tsekedi *	4					
Mr T Tselane *	6			5		2
Ms S Childs *	7		6		5	2
Mr K Shubane (Chairperson) **	7					
Independent audit committee members						
Mr Y Gordhan		3				
Mr H Raborifi		0				
Mr R Hill	1	5				
Mr R Theunissen	0	0				
Mr C Tilly	1	0				

The members did not all serve for the full year, refer to page 10 for the relevant term dates.
* Retired ** Resigned # Appointed *
0=no meetings held since appointment

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) comprises of 5 members, 2 of whom are non-executive directors and 3 independent members. The committee is constituted in accordance with Section 166 of the Municipal Finance Management Act and was chaired by Mr S Masango, who is a non-executive director. The ARC had 3 ordinary and 2 special meetings during the 2017 financial year to review matters necessary to fulfil its role. At the AGM held on 16 March 2017, Mr S Masango resigned and Mr C Tilly was appointed as Audit and Risk Committee chairperson in May 2017. Subsequently Mr C Tilly resigned on 20 June 2017 and Mr R Theunissen was appointed as chairperson on 10 July 2017.

INTERNAL AUDIT

The internal audit function was performed internally. Certain internal audit activities were outsourced.

14. CONTROLLING ENTITY

The entity's shareholder 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 managed under the auspices of The City of Johannesburg Metropolitan Municipality Assets and Liabilities Committee and Treasury Department.

17. AUDITORS

AGSA 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

JM has in previous financial years reported long outstanding legacy litigation matters. For the year under review the exposure on litigation have increased compared to previous year. Disputes with employees have decreased. Refer to note 26 to the financial report.

19. CURRENT INVESTIGATIONS

Procurement irregularities that necessitated investigations in the prior year, have been finalised. Disciplinary action was taken and appropriate internal processes were concluded. In the current year new investigations are underway. These matters are being dealt with as expeditiously as possible and appropriate steps will be taken once the investigations have been finalised.

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 (as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2017, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Mr Keeran Singh

Company Secretary (Acting)

The Joburg Market (SOC) Ltd

29 November 2017

STATEMENT OF **FINANCIAL POSITION**

AS AT 30 JUNE 2017

	NOTE(S)	2017 R	2016 RESTATED* R
Assets			
Current Assets			
Loans to shareholder	2	81 618 304	59 680 583
Current tax receivable		5 442 357	-
Receivables from exchange transactions	3	34 260 623	39 274 667
VAT receivable	35	3 866 593	4 075 802
Cash and cash equivalents	4	124 022 152	102 435 248
		249 210 029	**205 466 300**
Non-Current Assets			
Investment property	5	422 835	445 654
Property, plant and equipment	6	349 631 360	358 355 828
Intangible assets	7	6 768 435	7 740 589
Deferred tax	8	9 906 029	10 314 716
		366 728 659	**376 856 787**
Total Assets		**615 938 688**	**582 323 087**
Liabilities			
Current Liabilities			
Loans from shareholder	2	15 146 780	22 276 995
Current tax payable		-	901 693
Finance lease obligation	9	242 526	1 373 625
Payables from exchange transactions	10	104 447 777	118 836 173
Provisions	11	3 054 108	4 656 418
		122 891 191	**148 044 904**
Non-Current Liabilities			
Loans from shareholder	2	28 179 746	42 665 209
Deferred tax	8	145 305	581 586
Finance lease obligation	9	-	242 526
Employee benefit obligation	12	3 019 245	3 355 164
		31 344 296	**46 844 485**
Total Liabilities		**154 235 487**	**194 889 389**
Net Assets		**461 703 201**	**387 433 698**
Share capital	13	20 000 000	20 000 000
Accumulated surplus		441 703 201	367 433 698
Total Net Assets		**461 703 201**	**387 433 698**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE(S)	2017 R	2016 RESTATED* R
Revenue			
Commission		342 537 521	339 976 417
Storage		7 348 058	3 439 099
Rental facilities and equipment		42 483 014	38 685 190
Banana ripening		1 771 211	3 754 889
Miscellaneous other revenue		1 190 734	1 094 917
Discount received		6 600	40 570
Sundry revenue		1 544 299	5 326 182
Cash handling fees		2 882 284	3 053 672
Interest received		15 320 780	10 138 360
Fair value adjustments		146 011	62 842
Total revenue		**415 230 512**	**405 572 138**
Expenditure			
Employee related costs		(134 550 536)	(129 766 425)
Depreciation and amortisation		(21 652 739)	(18 723 705)
Finance costs		(6 129 899)	(9 626 336)
Lease rentals on operating lease		(461 764)	(663 307)
Debt impairment		(1 192 620)	715 997
Repairs and maintenance		(26 513 243)	(20 164 787)
General expenses		(106 863 866)	(122 455 181)
Total expenditure		**(297 364 667)**	**(300 683 744)**
Operating surplus		**117 865 845**	**104 888 394**
Loss on disposal of assets and liabilities		(17 846 350)	(2 075 939)
Surplus before taxation		**100 019 495**	**102 812 455**
Taxation		(25 749 992)	(28 872 958)
Surplus for the year		**74 269 503**	**73 939 497**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE(S)	SHARE CAPITAL R	SHARE PREMIUM R	TOTAL SHARE CAPITAL R	ACCUMULATED SURPLUS R	TOTAL EQUITY R
Balance at 01 July 2015		**1**	**19 999 999**	**20 000 000**	**293 494 201**	**313 494 201**
Changes in net assets						
Surplus for the year		-	-	-	78 420 408	78 420 408
Adjustments						
Prior year adjustments	38	-	-	-	(4 480 911)	(4 480 911)
Total changes		**-**	**-**	**-**	**73 939 497**	**73 939 497**
Balance at 01 July 2016 as restated		**1**	**19 999 999**	**20 000 000**	**73 939 497**	**73 939 497**
Changes in net assets						
Surplus for the year		-	-	-	74 269 503	74 269 503
Total changes		**-**	**-**	**-**	**74 269 503**	**74 269 503**
Balance at 30 June 2017		**1**	**19 999 999**	**20 000 000**	**441 703 201**	**461 703 201**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE(S)	2017 R	2016 RESTATED* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		404 917 176	391 423 451
Interest income		15 320 780	10 138 360
		420 237 956	**401 561 811**
Payments			
Employee costs		(135 088 503)	(129 690 269)
Suppliers		(154 525 247)	(136 675 615)
Finance costs		(6 030 109)	(9 396 344)
Taxes on surpluses	24	(32 121 636)	(30 543 775)
		(327 765 495)	**(306 306 003)**
Net cash flows from operating activities	23	**92 472 461**	**95 255 808**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(24 972 993)	(40 920 777)
Proceeds from sale of property, plant and equipment	6	94 863	1
Purchase of intangible assets	7	(980 613)	(5 080 234)
Net cash flows from investing activities		**(25 858 743)**	**(46 001 010)**
Cash flows from financing activities			
Repayment of shareholders loan		(43 553 399)	(57 984 009)
Finance lease payments		(1 473 415)	(1 473 421)
Net cash flows from financing activities		**(45 026 814)**	**(59 457 430)**
Net increase/(decrease) in cash and cash equivalents		**21 586 904**	**(10 202 632)**
Cash and cash equivalents at the beginning of the year		102 435 248	112 637 880
Cash and cash equivalents at the end of the year	4	**124 022 152**	**102 435 248**

APPROPRIATION STATEMENT

	ORIGINAL BUDGET R	BUDGET ADJUSTMENTS (I.T.O. S28 AND S31 OF THE MFMA) R	FINAL ADJUSTMENTS BUDGET R	SHIFTING OF FUNDS (I.T.O. S31 OF THE MFMA) R	VIREMENT (I.T.O. COUNCIL APPROVED POLICY) R	FINAL BUDGET R	ACTUAL OUTCOME R	UNAUTHORISED EXPENDITURE R	VARIANCE R	ACTUAL OUTCOME AS % OF FINAL BUDGET %	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET %
2016											
Financial Performance											
Investment revenue	8 251 070	-	8 251 070	-		8 251 070	15 320 780		7 069 710	186 %	186 %
Other own revenue	391 237 657	20 658 000	411 895 657	-		411 895 657	399 909 732		(11 985 925)	97 %	102 %
Total revenue (excluding capital transfers and contributions)	**399 488 727**	**20 658 000**	**420 146 727**	**-**		**420 146 727**	**415 230 512**		**(4 916 215)**	**99 %**	**104 %**
Employee costs	(135 038 605)	(7 990 980)	(143 029 585)	-	-	(143 029 585)	(134 550 536)	-	8 479 049	94 %	100 %
Debt impairment	(2 511 093)	-	(2 511 093)			(2 511 093)	(1 192 620)	-	1 318 473	47 %	47 %
Depreciation and asset impairment	(20 632 262)	-	(20 632 262)			(20 632 262)	(21 652 739)	-	(1 020 477)	105 %	105 %
Finance charges	(23 362 697)	3 121 627	(20 241 070)	-	-	(20 241 070)	(6 129 899)	-	14 111 171	30 %	26 %
Other expenditure	(135 627 562)	(16 739 501)	(152 367 063)	-	-	(152 367 063)	(151 685 223)	-	681 840	100 %	112 %
Total expenditure	**(317 172 219)**	**(21 608 854)**	**(338 781 073)**	**-**	**-**	**(338 781 073)**	**(315 211 017)**	**-**	**23 570 056**	**93 %**	**99 %**
Surplus/(Deficit)	**82 316 508**	**(950 854)**	**81 365 654**	**-**		**81 365 654**	**100 019 495**		**18 653 841**	**123 %**	**122 %**
Taxation	23 960 000	890 000	24 850 000	-		24 850 000	25 749 992		899 992	104 %	107 %
Surplus/(Deficit) for the year	**58 356 508**	**(1 840 854)**	**56 515 654**	**-**		**56 515 654**	**74 269 503**		**17 753 849**	**131 %**	**127 %**
Capital expenditure and funds sources											
Total capital expenditure	123 724 000	(49 524 000)	74 200 000	-		74 200 000	29 874 513		(44 325 487)	40 %	24 %

APPROPRIATION STATEMENT (CONTINUED)

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

REVENUE

Investment revenue - Higher revenue has generated additional cash and interest for the entity. Good collection levels has ensured positive bank balances and additional interest income.

Other own revenue - no material difference to report. Turnover decreased by 2.9% to adjustment budget mainly as a result of a decline in tonnage. Volume decreased by 8.1% on prior year and 17.0% on budget.

EXPENDITURE

Employee costs - within acceptable 10% variance.

Debt impairment - one of the tenants have requested a reduction in the rental space allocated as well as a review of their rental rate. They have signed an acknowledgement of debt but are unable to pay the full amount. The entity is reviewing their lease and debt recovery methods are being explored.

Depreciation and asset Impairment - marginally above budget and within the 10% variance range. Finance charges -below budget due to reducing finance cost and self funding of capital projects. Other expenditure - within acceptable 10% variance.

CAPITAL EXPENDITURE

The budget for the year under review for capital expenditure was R74.2 million and the actual capital expenditure incurred by 30 June 2017 amounted to R29.8 million which represents 40% of actual spend. Capital budget was not spent due to unresponsive bids, ineffective bid specifications that led to difficulties in evaluating bids and poor planning.

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Receivables

The entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables and loans and receivables is calculated on a portfolio basis. The impairment for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions to the annual financial statements.

Employee benefit obligation

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

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement and long-term benefit obligations. In determining the appropriate discount rate, the entity considers the market yields at the reporting date on government 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 or other long-term liability. Where there is no market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12 to the annual financial statements.

Effective interest rate

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

Impairment of financial assets

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

Useful lives and residual value

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

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

1.3 INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

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 derecognised.

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

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

ITEM	AVERAGE USEFUL LIFE
Investment property	30 years

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

Investment property is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 5 to the annual financial statements).

1.4 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired 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.

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

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	30 years
Plant and machinery	Straight line	10 - 15 years
Furniture and fixtures	Straight line	7 - 14 years
Motor vehicles	Straight line	8 - 10 years
Office equipment	Straight line	7 - 12 years
IT equipment	Straight line	5 - 11 years
Finance leased assets	Straight line	3 - 5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

1.5 INTANGIBLE ASSETS

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.

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.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.
- intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

ITEM	USEFUL LIFE
Computer software	3 - 5 years

The amortisation charge for each period is recognised in surplus or deficit. Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 FINANCIAL INSTRUMENTS

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Fair value determination

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

Impairment of financial assets

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

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

Loans to (from) economic entities

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

Loans to economic entities are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Payables from exchange transactions

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

Cash and cash equivalents

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

Derecognition

Financial assets

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

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

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

Financial liabilities

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

Impairment of financial assets

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

Assets are carried at amortised cost.

1.7 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.

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

1.8 LEASES

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

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

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

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Management use their discretion in acquiring and managing assets of the entity. Where assets are used primarily with the intention of generating a commercial return and generating cash flows managed for cash-generating purposes the assets are treated as cash-generating assets.

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

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

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.

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 surplus or deficit.

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.

Reversal of impairment loss

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

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

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

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or

(b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow: Management use their discretion in acquiring and managing assets of the municipality. Where assets are used primarily with the intention of service delivery and generating cash flows managed for non-cash-generating purposes the assets are treated as -noncash-generating assets.

Identification

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 SHARE CAPITAL

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

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

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

1.12 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

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

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

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

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

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

Other post retirement obligations

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

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to 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.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26 to the annual financial statements.

1.14 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 REVENUE FROM EXCHANGE TRANSACTIONS

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

Interest

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

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

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

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

1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

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

Taxes

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer. The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

1.17 ACCUMULATED SURPLUS

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus when retrospective adjustments are made.

1.18 INVESTMENT INCOME

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

1.19 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.

1.20 COMPARATIVE FIGURES

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

1.21 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

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

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

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.23 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipal entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 VALUE-ADDED TAX (VAT)

The entity is registered with the South African Revenue Services (SARS) for VAT on the accrual basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

1.25 BUDGET INFORMATION

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

1.26 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

1.27 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).

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

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.

1.28 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:

- GRAP 12 (as amended 2016) - Inventories
- GRAP 16 (as amended 2016) - Investment Property
- GRAP 17 (as amended 2016) - Property, Plant and Equipment
- GRAP 18 - Segment reporting
- GRAP 20 - Related Parties
- GRAP 21 (as amended 2016) - Impairment on non-cash generating assets
- GRAP 26 (as amended 2016) - Impairment of cash generating assets
- GRAP 27 (as amended 2016) - Agriculture
- GRAP 31 (as amended 2016) - Intangible assets

- GRAP 32 - Service concession arrangements: Grantor.
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 103 (as amended 2016) - Heritage assets
- GRAP 106 (as amended 2016) - Transfers of functions between entities under common control
- GRAP 108 - Statutory Receivables
- GRAP 109 - Accounting by Principles and Agents
- GRAP 110 - Living and non-living resources
- IGRAP 18 - Interpretation of the standard of GRAP on recognition and derecognition of land

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

2. LOANS TO/(FROM) SHAREHOLDER

	2017 R	2016 RESTATED* R
City of Johannesburg Metropolitan Municipality - Capital expenditure loans	(43 326 526)	(64 942 204)
Sweeping account	81 618 304	59 680 583
	38 291 778	**(5 261 621)**
Current assets	81 618 304	59 680 583
Non-current liabilities	(28 179 746)	(42 665 209)
Current liabilities	(15 146 780)	(22 276 995)
	38 291 778	**(5 261 621)**

CREDIT QUALITY OF LOANS TO SHAREHOLDER

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

FAIR VALUE OF LOANS TO AND FROM SHAREHOLDER

Loans to shareholder	81 618 304	59 680 583
Loans from shareholders	43 326 526	64 942 204

LOANS TO SHAREHOLDER PAST DUE BUT NOT IMPAIRED

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

1 month past due	43 326 526	59 680 583

CAPITAL EXPENDITURE CLAIM

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

CURRENT ACCOUNT

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

CAPITAL EXPENDITURE LOANS

Loans at beginning of the year	(64 942 204)	(100 129 306)
Repayments	27 311 771	43 710 682
Interest	(5 696 093)	(8 523 580)
	(43 326 526)	**(64 942 204)**

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

SWEEPING ACCOUNT

Loan at beginning of the year	59 680 583	36 883 676
Receipts	41 012 162	62 516 791
Repayments	(27 311 771)	(43 710 682)
Interest	8 237 330	3 990 798
	81 618 304	**59 680 583**

The sweeping account loan is unsecured and bears interest at an average rate of 7.4% 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.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017 R	2016 RESTATED* R
Trade receivables	35 208 492	32 136 920
Less : Provision for impairment	(11 430 636)	(10 238 094)
Sundry receivable	8 996 093	10 555 439
Related party debtors	902 636	6 240 226
Prepayments	430 226	154 907
Operating lease receivables	153 812	571 280
Adjustment for fair value at amortised cost	-	(146 011)
	34 260 623	**39 274 667**

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 2017, R 18 363 401 (2016: R 22 013 409) were past due but not impaired.

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

1 month past due	16 055 987	19 723 098
2 months past due	1 186 370	1 118 713
3 months past due	1 121 044	1 171 599

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 30 June 2017, trade and other receivables of R 11 430 636 (2016: R 10 238 094) were impaired and provided for.

The ageing of these loans is as follows:

3 to 6 months	660 188	567 089
Over 6 months	10 770 448	9 671 005

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(10 238 094)	(10 954 258)
Provision for impairment	(1 332 474)	(1 954 645)
Unused amounts reversed	139 932	2 670 809
	(11 430 636)	**(10 238 094)**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 17 to the annual financial statements). 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 receivables mentioned above. The entity does not hold any collateral as security.

4. CASH AND CASH EQUIVALENTS

	2017 R	2016 RESTATED* R
Cash and cash equivalents consist of:		
Cash on hand	12 000	12 000
Bank balances	124 010 152	102 423 248
	124 022 152	**102 435 248**

THE ENTITY HAD THE FOLLOWING BANK ACCOUNTS	BANK STATEMENT BALANCES		CASH BOOK BALANCES	
ACCOUNT NUMBER / DESCRIPTION	30 JUNE 2017	30 JUNE 2016	30 JUNE 2017	30 JUNE 2016
ABSA Bank - Deposit account – 405-439-4655	-	3 173 306	-	3 173 306
ABSA Bank - Business account – 405-439-4663	-	1 623 312	-	1 623 312
ABSA Bank - RD cheque account – 405-439-4689	-	(3 424)	-	(3 424)
ABSA Bank - Trust – 405-442-3252	-	(4 193)	-	(4 193)
ABSA Bank - Salary account – 405-439-4671	-	(1 510)	-	(1 510)
ABSA Bank - charges account – 405-515-0630	-	(30 553)	-	(30 553)
First National Bank - Business account – 620-124-71257	1 119 113	678 251	1 119 113	678 252
First National Bank - Business account – 513-909-61353	1	-	-	-
Standard Bank - Deposit account – 000-197-033	117 365 967	93 195 580	122 129 270	96 186 726
Standard Bank - RD cheque account – 000-196-991	539 548	792 510	539 548	792 510
Standard Bank - Business account – 000-196-916	-	-	128 791	8 822
Standard Bank - Salary account – 000-196-924	94 180	-	93 430	-
Standard Bank - Change Salary account – 000-196878	1	-	-	-
Standard Bank - Change Trust Account – 000-197-025	1	-	-	-
Total	**119 118 811**	**99 423 279**	**124 010 152**	**102 423 248**

Standard Bank is the entity's official banker. ABSA accounts have been closed. First National Bank deposit account has remained open and active to accommodate buyers in areas where Standard Bank is not available.

5. INVESTMENT PROPERTY

	2017			2016		
	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Investment property	811 061	(388 226)	422 835	811 061	(365 407)	445 654

RECONCILIATION OF INVESTMENT PROPERTY - 2017	OPENING BALANCE R	DEPRECIATION R	TOTAL R
Investment property	445 654	(22 819)	422 835

RECONCILIATION OF INVESTMENT PROPERTY - 2016			
Investment property	468 536	(22 882)	445 654

DETAILS OF PROPERTY

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

Investment Property consists of the following:

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

The market value of the property as determined by an independent valuator as at 21 October 2015 is R22,524,000.

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. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

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

The gross property rental income earned by the entity from its investment property, all of which are leased out under gross operating leases, amounted to R1,351,166 (2016: R1,386,010).

Expenditure relating to repairs and maintenance incurred during the year on investment property amounted to RNil (2016:RNil).

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

During the year no assets were pledged for security.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2017			2016		
	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land	17 639 000	-	17 639 000	17 639 000	-	17 639 000
Buildings	356 713 569	(108 914 884)	247 798 685	338 348 611	(97 494 706)	240 853 905
Plant and machinery	62 784 776	(15 678 327)	47 106 449	40 007 382	(11 974 469)	28 032 913
Furniture and fixtures	4 144 531	(2 787 418)	1 357 113	4 019 136	(2 475 375)	1 543 761
Motor vehicles	1 635 783	(1 195 733)	440 050	1 610 253	(1 034 380)	575 873
Office equipment	1 647 248	(887 885)	759 363	1 471 221	(731 368)	739 853
IT equipment	27 456 607	(15 458 328)	11 998 279	24 608 698	(12 644 730)	11 963 968
Capital work in progress	40 285 155	(17 941 214)	22 343 941	55 708 470	-	55 708 470
Finance lease assets	3 337 934	(3 149 454)	188 480	3 337 934	(2 039 849)	1 298 085
Total	**515 644 603**	**(166 013 243)**	**349 631 360**	**486 750 705**	**(128 394 877)**	**358 355 828**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2017

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS R	DEPRECIATION R	TOTAL R
Land	17 639 000	-	-	-	-	17 639 000
Buildings	240 853 905	6 605 761	1	11 759 199	(11 420 181)	247 798 685
Plant and machinery	28 032 913	7 749 730	-	15 027 664	(3 703 858)	47 106 449
Furniture and fixtures	1 543 761	125 395	-	-	(312 043)	1 357 113
Motor vehicles	575 873	25 530	-	-	(161 353)	440 050
Office equipment	739 853	176 027	-	-	(156 517)	759 363
IT equipment	11 963 968	370 240	-	2 477 669	(2 813 598)	11 998 279
Capital work in progress	55 708 470	13 841 217	(17 941 214)	(29 264 532)	-	22 343 941
Finance lease assets	1 298 085	-	-	-	(1 109 605)	188 480
	358 355 828	**28 893 900**	**(17 941 213)**	**-**	**(19 677 155)**	**349 631 360**

Where construction or development has been halted or if a project was taking significantly longer to complete the entity disposed of the items from the work in progress account.

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2016

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS R	DEPRECIATION R	TOTAL R
Land	17 639 000	-	-	-	-	17 639 000
Buildings	225 127 263	8 070 364	(1 513 376)	19 661 785	(10 492 131)	240 853 905
Plant and machinery	27 898 054	3 466 777	(530 075)	173 908	(2 975 751)	28 032 913
Furniture and fixtures	1 671 763	206 412	(3 272)	-	(331 142)	1 543 761
Motor vehicles	582 076	141 125	-	-	(147 328)	575 873
Office equipment	661 482	233 400	(7 708)	-	(147 321)	739 853
IT equipment	11 442 746	3 142 838	(21 509)	-	(2 600 107)	11 963 968
Capital work in progress	36 603 286	38 940 877	-	(19 835 693)	-	55 708 470
Finance lease assets	2 415 128	-	-	-	(1 117 043)	1 298 085
	324 040 798	**54 201 793**	**(2 075 940)**	**-**	**(17 810 823)**	**358 355 828**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2017 R	2016 RESTATED* R

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

Assets subject to finance lease (Net carrying amount)

	2017 R	2016 RESTATED* R
Finance lease assets	188 480	1 298 085

Refer to Note 9 to the annaul financial statements for the liability relating to the finance lease assets. Other than that no assets were pledged for security.

DETAILS OF PROPERTIES

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

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 municipality.

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

	2017 R	2016 RESTATED* R
Sweating of assets New strategic direction regarding land development.	1 264 450	3 380 128
Generator Entity unable to commission generators acquired in 2008.	4 915 165	4 915 165
	6 179 615	**8 295 293**

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

	2017 R	2016 RESTATED* R
Market of the future Project no longer funded. New strategic direction. Project research and development costs written off in 2017.	-	13 857 657
Refurbishment of ground floor Designs outdated. New strategic direction rendered architectural plans void. Design costs written off in 2017.	-	289 759
Spikes and boom gates Installation was halted due to damages to vehicles. The viability of project not in best interest of the entity. Cost written off in 2017.	-	71 546
Upgrade of Hall 1 and 2 and Ablutions Consulting and designs did not fit in with the new strategic direction. Costs written off in 2017.	-	342 123
	-	**14 561 085**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF WORK-IN-PROGRESS 2017	INCLUDED WITHIN INFRASTRUCTURE R	INCLUDED WITHIN OTHER PPE R	TOTAL R
Buildings	12 991 858	-	12 991 858
Plant and machinery	-	20 439 969	20 439 969
Impairment	-	(11 087 885)	(11 087 885)
	12 991 858	**9 352 084**	**22 343 942**

RECONCILIATION OF WORK-IN-PROGRESS 2016	INCLUDED WITHIN INFRASTRUCTURE R	INCLUDED WITHIN OTHER PPE R	TOTAL R
Buildings	28 637 030	-	28 637 030
Plant and machinery	-	34 810 645	34 810 645
Impairment	-	(11 087 885)	(11 087 885)
Computer Equipment	-	3 348 679	3 348 679
	28 637 030	**27 071 439**	**55 708 469**

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT	2017 R	2016 RESTATED* R
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Expenditure on property plant and equipment in aggregate	24 905 048	19 427 509

7. INTANGIBLE ASSETS

	2017			2016		
	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Computer software	10 487 563	(3 719 128)	6 768 435	9 506 951	(1 766 362)	7 740 589

RECONCILIATION OF INTANGIBLE ASSETS - 2017	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Computer software	7 740 589	980 613	(1 952 767)	6 768 435
RECONCILIATION OF INTANGIBLE ASSETS - 2016				
	3 550 354	5 080 234	(889 999)	7 740 589

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

During the year no assets were pledged for security.

8. DEFERRED TAX

	2017 R	2016 RESTATED* R
DEFERRED TAX LIABILITY		
Deferred tax liability - Trade and other receivables	(92 527)	(218 119)
Deferred tax liability - Leases	(52 778)	(363 467)
Total deferred tax liability	**(145 305)**	**(581 586)**
DEFERRED TAX ASSET		
Trade and other receivables	2 400 434	2 190 883
Health care and leases deferred tax asset	777 481	1 393 316
Trade and other payables and provisions	6 728 114	6 730 517
Total deferred tax asset	**9 906 029**	**10 314 716**
Deferred tax liability	(145 305)	(581 586)
Deferred tax asset	9 906 029	10 314 716
Total net deferred tax asset	**9 760 724**	**9 733 130**
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	9 733 130	4 847 574
Movement in temporary timing differences	27 594	4 885 556
	9 760 724	**9 733 130**

9. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	(245 562)	(1 473 415)
- in second to fifth year inclusive	-	(245 569)
	(245 562)	(1 718 984)
less: future finance charges	3 036	102 826
Present value of minimum lease payments	**(242 526)**	**(1 616 158)**
Present value of minimum lease payments due		
- within one year	242 526	(1 373 625)
- in second to fifth year inclusive	-	(242 533)
	242 526	**(1 616 158)**
Non-current liabilities	-	242 526
Current liabilities	242 526	1 373 625
	242 526	**1 616 151**

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

The average lease term was 3 - 5 years and the average effective borrowing rate was 11% (2016: 11%).

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

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

10. PAYABLES FROM EXCHANGE TRANSACTIONS

	2017 R	2016 RESTATED* R
Trade payables	71 510 246	79 551 465
Related party creditor	10 403 642	14 749 173
Payroll and sundry accruals	10 203 808	12 438 643
Accrued leave pay	7 248 986	6 978 710
Accrued staff 13th cheques	3 323 741	2 980 569
Accruals	1 757 354	2 137 613
	104 447 777	**118 836 173**

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

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

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

Fair value of trade and other payables

Trade payables	104 447 777	118 836 181

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2017	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	REVERSED DURING THE YEAR R	TOTAL R
Performance bonus	4 656 418	1 965 404	(1 162 043)	(2 405 671)	3 054 108

RECONCILIATION OF PROVISIONS - 2016	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	TOTAL R
Performance bonus	2 310 683	2 431 335	(85 600)	4 656 418

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

The Board resolved on 26th October 2017, that no performance bonuses for the FY15/16 but a 13th cheque be paid and that no performance bonuses will be paid for FY16/17.

12. EMPLOYEE BENEFIT OBLIGATIONS

	2017 R	2016 RESTATED* R

12.1 DEFINED BENEFIT PLAN

The actuarial valuations were done by Arch Actuarial Consulting CC, 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.

	2017 R	2016 RESTATED* R
Post-retirement liability		
Post-Retirement Medical Aid Plan	(903 412)	(934 610)
Retirement Gratuity Plan	(2 115 833)	(2 420 554)
	(3 019 245)	**(3 355 164)**

12.1.1 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 is currently 2 qualifying staff members.

	2017 R	2016 RESTATED* R
Movements for the year		
Opening balance	934 610	298 761
Net expense recognised in the statement of financial performance	(31 198)	635 849
	903 412	**934 610**

	2017 R	2016 RESTATED* R
Net expense recognised in the statement of financial performance		
Current service cost	-	5 689
Interest cost	79 340	24 502
Actuarial (gains) losses	(52 243)	651 976
Curtailment or settlement	(58 295)	(46 318)
	(31 198)	**635 849**

	2017 R	2016 RESTATED* R
Key assumptions used		
Assumptions used on last valuation on 30 June 2017.		
Discount rates used	8,56 %	8,72 %
Expected increase in salaries	6,37 %	7,38 %

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% decrease in discount rate will increase the liability to R1,008,554.
- 1% increase in discount rate will decrease the liability to R815,388

	2017 R	2016 R	2015 R	2014 R	2013 R
Post retirement medical aid plan	903 412	934 610	298 761	594 000	525 000

12. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	2017 R	2016 RESTATED* R

12.1.2 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 service 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 11 qualifying staff members.

The above liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The 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.

Movements for the year

	2017 R	2016 RESTATED* R
Opening balance	2 420 554	2 470 611
Net expense recognised in the statement of financial performance	(304 721)	(50 057)
	2 115 833	**2 420 554**

Net expense recognised in the statement of financial performance

	2017 R	2016 RESTATED* R
Interest cost	193 695	187 075
Actuarial (gains) losses	(136 475)	(3 294)
Curtailment or settlement	(361 941)	(233 838)
	(304 721)	**(50 057)**

Key assumptions used

Assumptions used on last valuation on 30 June 2017.

	2017	2016
Discount rates used	8,56 %	8,72 %
Expected increase in salaries	6,37 %	7,38 %

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 R2,032,597.
- 1% decrease in discount rate will increase the liability to R2,207,693.

	2017 R	2016 R	2015 R	2014 R	2013 R
Present value of post retirement gratuity plan	2 115 833	2 420 554	2 470 611	2 597 000	2 554 000

12. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

	2017 R	2016 RESTATED* R

12.2 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.

The total amount recognised as an expense for defined contribution plans for the year amounts to R12,699,633 (2016: R9,076,993).

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

- Except as set out below, the assets and liabilities of the City of Johannesburg Pension Fund will be merged into the Johannesburg Municipal Pension Fund and the City will sever all financial ties with the latter Fund.
- The City of Johannesburg Pension Fund will be converted into a defined contribution fund. Members will be given the option of remaining as members of the Fund and accruing future benefits on a defined contribution basis or of joining the The 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.

13. SHARE CAPITAL

	2017	2016
AUTHORISED		
1 000 000 Ordinary shares of R0.01	10 000	10 000

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2017	2016
ISSUED		
1 Ordinary share rounded up to R1	1	1
Share premium	19 999 999	19 999 999
	20 000 000	**20 000 000**

14. REVENUE

	2017 R	2016 RESTATED* R
Commission	342 537 521	339 976 417
Rental facilities and equipment	42 483 014	38 685 190
Interest received	15 320 780	10 138 360
Storage	7 348 058	3 439 099
Cash handling fees	2 882 284	3 053 672
Banana ripening fees	1 771 211	3 754 889
Sundry revenue	1 544 299	5 326 182
Miscellaneous other revenue	1 190 734	1 094 917
Fair value adjustments	146 011	62 842
Discount received	6 600	40 570
	415 230 512	**405 572 138**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Commission	342 537 521	339 976 417
Rental facilities and equipment	42 483 014	38 685 190
Interest received	15 320 780	10 138 360
Storage	7 348 058	3 439 099
Cash handling fees	2 882 284	3 053 672
Banana ripening fees	1 771 211	3 754 889
Sundry revenue	1 544 299	5 326 182
Miscellaneous other revenue	1 190 734	1 094 917
Discount received	6 600	40 570
	415 084 501	**405 509 296**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Fair value adjustments	146 011	62 842

15. GENERAL EXPENSES

	2017 R	2016 RESTATED* R
Advertising	3 633 470	4 649 070
Assets expensed	37 720	84 293
Auditors remuneration	2 453 433	2 321 261
Bank charges	6 089 483	5 502 112
Cash losses	-	135 000
Cleaning	5 908 804	5 748 809
Conferences and seminars	122 300	1 098 221
Consulting and professional fees	5 993 049	11 956 866
Consumables	369 977	1 280 553
Donations	944 340	3 707 671
Electricity	31 447 832	30 608 168
Entertainment	12 210	-
Gifts	24 697	46 221
Hostel charges	7 202	70 885
Insurance	355 592	708 328
IT expenses	4 326 193	4 606 974
Marketing	2 618 700	2 932 815
Motor vehicle expenses	2 128 485	1 612 544
Placement fees	368 779	228 551
Postage and courier	-	3 728
Printing and stationery	2 206 879	705 107
Protective clothing	130 820	932 813
Refuse	12 435 675	7 863 583
Secretarial fees	39 800	30 446
Security (Guarding of municipal property)	17 775 397	16 989 164
Sewerage and waste disposal	993 110	5 299 889
Staff welfare	1 537 642	1 382 117
Subscriptions and membership fees	237 494	365 855
Telephone and fax	826 288	866 988
Training	1 730 037	2 153 462
Travel - local	869 620	598 997
Travel - overseas	-	253 785
Water	1 238 838	7 710 905
	106 863 866	**122 455 181**

16. EMPLOYEE RELATED COSTS

Employee related costs : Salaries and wages	101 956 738	86 381 420
Provident fund	12 672 490	21 688 231
Other payroll costs	6 582 973	6 124 144
Bonus - 13th cheque and performance	5 547 665	7 777 780
Leave pay provision charge	3 013 361	3 570 039
Overtime payments	1 204 542	900 162
SDL	1 119 732	998 620
WCA	993 823	862 925
Pension costs	647 156	680 656
UIF	566 775	523 020
Gratuities	245 281	259 428
	134 550 536	**129 766 425**

	2017 R	2016 RESTATED* R
17. DEBT IMPAIRMENT		
Debt impairment	79	166
Contributions to/(reversals of) debt impairment provision	1 192 541	(716 163)
	1 192 620	**(715 997)**

18. INTEREST RECEIVED

Interest revenue		
Bank	6 940 908	5 900 458
Interest earned - outstanding debtors	142 542	153 913
Interest earned - sweeping account	8 237 330	3 990 798
Interest received - other	-	93 191
	15 320 780	**10 138 360**

19. DEPRECIATION AND AMORTISATION

Property, plant and equipment	19 677 154	17 810 824
Investment property	22 819	22 882
Intangible assets	1 952 766	889 999
	21 652 739	**18 723 705**

20. FINANCE COSTS

Interest paid on shareholder loans	5 696 093	8 523 580
Finance leases	99 790	229 992
Bank	61 341	13 813
Fair value adjustments: Notional interest	-	637 774
Other interest paid	272 675	221 177
	6 129 899	**9 626 336**

21. TAXATION

MAJOR COMPONENTS OF THE TAX EXPENSE		
Current		
Local income tax - current period	28 297 468	34 459 512
Local income tax - recognised in current tax for prior periods	(2 519 882)	(700 999)
	25 777 586	**33 758 513**
Deferred		
Originating and reversing temporary differences	(27 594)	(4 885 555)
	25 749 992	**28 872 958**

RECONCILIATION OF THE TAX EXPENSE

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28,00 %	28,00 %
Disallowable charges	0,26 %	(0,50)%
Current tax - prior period adjustment	(2,52)%	(0,65)%
	25,74 %	**26,85 %**

22. AUDITOR'S REMUNERATION

	2017 R	2016 RESTATED* R
Fees	2 453 433	2 321 261

23. CASH GENERATED FROM OPERATIONS

	2017 R	2016 RESTATED* R
Surplus	74 269 503	73 939 497
Adjustments for:		
Depreciation and amortisation	21 652 739	18 723 705
(Gain) loss on sale of assets and liabilities	17 846 350	2 075 939
Finance costs - Finance leases	99 790	229 992
Debt impairment	1 192 620	(715 997)
Movements in retirement benefit assets and liabilities	(335 919)	585 792
Movements in provisions	(1 602 310)	2 345 735
Movement in tax receivable and payable	(6 344 050)	3 214 738
Other non-cash items - deferred tax prior period	(27 594)	(4 885 555)
Other non-cash items - payables capital expenditure accrued	(3 920 907)	(13 281 015)
Changes in working capital:		
Receivables from exchange transactions	3 821 421	(702 911)
Payables from exchange transactions	(14 388 391)	13 785 682
VAT	209 209	(59 794)
	92 472 461	**95 255 808**

24. TAX PAID

	2017 R	2016 RESTATED* R
Balance at beginning of the year	(901 693)	2 313 045
Current tax for the year recognised in surplus or deficit	(25 777 586)	(33 758 513)
Balance at end of the year	(5 442 357)	901 693
	(32 121 636)	**(30 543 775)**

25. COMMITMENTS

	2017 R	2016 RESTATED* R
COMMITMENTS IN RESPECT OF CAPITAL EXPENDITURE:		
Authorised and contracted for		
Property, plant and equipment	30 929 685	16 829 137
Total capital commitments		
Not yet contracted for and authorised by directors	30 929 685	16 829 137

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

25. COMMITMENTS (CONTINUED)	2017 R	2016 RESTATED* R
OPERATING LEASES - AS LESSEE (FLEET)		
Minimum lease payments due		
- within one year	-	310 595
OPERATING LEASES – AS LESSOR (INCOME)		
Minimum lease payments due		
- within one year	2 229 432	8 698 726
- in second to fifth year inclusive	447 171	2 224 251
- later than five years	-	446 132
	2 676 603	11 369 109

26. CONTINGENCIES

ECONOMIC ENTITY

Other contingencies

The total estimated claims amount to R7,917,732, excluding legal costs, which is in respect of disputes with suppliers, the company is of the view that this represents the maximum exposure. The company in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that these cases will be successfully defended, no further provision is required.

Disputes with employees

The entity is involved in three (3) litigious matters with former employees. The directors are of the opinion that the claims can be successfully defended by the company.

Contingent assets

Subsequent to the disciplinary hearing in respect of the irregular expenditure referred to in Note 32, civil proceedings have commenced against the employees concerned to recover an amount of R 1 870 107. According to entity's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

27. RELATED PARTIES

RELATIONSHIPS

Shareholder	The City of Johannesburg Metropolitan Municipality
Other members of the group	Johannesburg Social Housing Company SOC Ltd
	Joburg Theatre (SOC) Ltd
	Johannesburg Water (SOC) Ltd
	City Power Johannesburg (SOC) Ltd
	Pikitup Johannesburg (SOC) Ltd
	Johannesburg Roads Agency (SOC) Ltd
	Johannesburg City Parks (SOC) Ltd

27. RELATED PARTIES (CONTINUED)

	2017 R	2016 RESTATED* R
RELATED PARTY BALANCES		
Amounts owing by related parties		
City of Johannesburg Metropolitan Municipality	82 174 631	65 776 511
Pikitup Johannesburg (SOC) Ltd	189 160	144 300
City of Joburg Property Company (SOC) Ltd	160 547	-
	82 524 338	**65 920 811**
Amounts owing to related parties		
City of Johannesburg Metropolitan Municipality	59 171 218	76 535 333
City Power Johannesburg SOC Ltd	-	4 560 000
Joburg Theatre (SOC) Ltd	-	6 525
Johannesburg Social Housing Company SOC Ltd	-	7 202
	59 171 218	**81 109 060**
RELATED PARTY TRANSACTIONS		
Sales to related parties		
City of Johannesburg Metropolitan Municipality	12 583 208	18 730 097
Pikitup Johannesburg (SOC) Ltd	189 160	639 964
Johannesburg City Parks (SOC) Ltd	7 150	15 053
	12 779 518	**19 385 114**
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	1 522 750	1 418 237
Pikitup Johannesburg (SOC) Ltd	12 061 041	10 004 122
City Power Johannesburg (SOC) Ltd	31 447 835	35 277 026
Johannesburg Water (SOC) Ltd	2 231 948	13 405 449
Johannesburg Theatre (SOC) Ltd	12 847	106 645
Johannesburg Roads Agency (SOC) Ltd	-	1 097 690
	47 276 421	**61 309 169**
Interest paid to related parties		
City of Johannesburg Metropolitan Municipality (loans)	5 696 093	8 523 580
City of Johannesburg Metropolitan Municipality	87 535	201 748
City of Johannesburg Metropolitan Municipality	(8 237 330)	(3 990 798)
	(2 453 702)	**4 734 530**

27. RELATED PARTIES (CONTINUED)

REMUNERATION OF MANAGEMENT

Executive management: 2017	BASIC SALARY R	PERFORMANCE BONUS R	OTHER BENEFITS RECEIVED R	TOTAL R
Chief Executive Officer (Acting)	1 474 601	91 620	469 978	2 036 199
Chief Financial Officer (Acting)	1 042 376	94 704	499 233	1 636 313
Executice : Core Operations	1 035 556	69 843	300 831	1 406 230
Executive : Shared Services	1 207 913	-	525 281	1 733 194
Executive : Agr-Business	1 238 250	69 333	400 829	1 708 412
Executive : Strategy & Transformation	1 461 563	97 607	253 511	1 812 681
Company Secretary	856 336	68 346	222 497	1 147 179
	8 316 595	**491 453**	**2 672 160**	**11 480 208**

Executive management: 2016	BASIC SALARY R	PERFORMANCE BONUS R	OTHER BENEFITS RECEIVED R	TOTAL R
Chief Executive Officer (Acting)	1 411 293	-	505 778	1 917 071
Chief Financial Officer (Acting)	995 607	-	451 410	1 447 017
Executive: Core Operations	918 828	-	207 481	1 126 309
Executive : Shared Services	1 672 192	-	382 241	2 054 433
Executive : Agri-Business	1 202 943	-	252 758	1 455 701
Executive: Strategy & Transformation	1 249 645	-	200 018	1 449 663
Company Secretary	793 579	85 600	237 906	1 117 085
	8 244 087	**85 600**	**2 237 592**	**10 567 279**

28. DIRECTORS' EMOLUMENTS

	EMOLUMENTS R	TOTAL R
Executive: 2016		
Ms S Sekgobela - Chief Executive Officer (5 months)	1 295 224	1 295 224
Mr B Dhlamini - Chief Financial Officer	1 331 394	1 331 394
	2 626 618	**2 626 618**

28. DIRECTORS' EMOLUMENTS (CONTINUED)

	DIRECTORS' FEES R	TOTAL R
Ms D Dondur (Chairperson)	288 000	288 000
Mr K Shubane (Chairperson)	97 348	97 348
Ms S Childs	140 934	140 934
Mr S Mafadza	185 768	185 768
Mr M Makopo	66 084	66 084
Mr S Masango	114 094	114 094
Mr J Mocke	163 125	163 125
Mr C Molebatsi	112 365	112 365
Dr P Naidoo	60 334	60 334
Mr S Ndlovu	96 168	96 168
Mr S Ndlungwane	109 543	109 543
Mr L Nengovhela	156 834	156 834
Mr B Nkosi	100 394	100 394
Mr H Raborifi	87 709	87 709
Ms A Ramakoaba	72 000	72 000
Mr T Tselane	91 156	91 156
	1 941 856	**1 941 856**

During the year under review the remuneration policy of non-executive directors was amended and retainers are no longer applicable. For start and end dates of non-executive refer to Director's report on page 9.

2016	DIRECTORS' FEES R	RETAINER R	OTHER FEES R	TOTAL R
Mr K Shubane (Chairperson)	57 040	-	-	57 040
Ms M Mpofu (Chairperson)	155 153	29 756	2 700	187 609
Ms S Childs	34 224	-	-	34 224
Dr V Dlamini	126 654	14 880	115 482	257 016
Mr S Mafadza	82 146	19 840	15 536	117 522
Mr S Masango	28 520	-	-	28 520
Mr C Molebatsi	34 224	-	-	34 224
Mr S Ndlungwane	22 816	-	-	22 816
Mr B Nkosi	117 503	19 840	-	137 343
Dr D Sekhukhune	85 572	14 880	2 700	103 152
Ms N Singh	159 732	14 880	2 700	177 312
Bishop S Tsekedi	81 008	19 840	-	100 848
Mr T Tselane	85 574	19 840	3 600	109 014
Dr E Zulu	74 172	-	2 700	76 872
	1 144 338	**153 756**	**145 418**	**1 443 512**

29. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

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

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

LIQUIDITY RISK

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

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

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

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

At 30 June 2017	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
Borrowings	15 146 780	20 283 896	7 895 849	-
Payables from exchange transactions	104 447 777	-	-	-
Finance lease	242 526	-	-	-
	-	-	-	

At 30 June 2016	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
Borrowings	22 276 995	26 356 899	16 308 310	-
Payables from exchange transactions	118 836 173	-	-	-
Finance lease	1 373 625	242 526	-	-

29. RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK

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

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

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

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

CREDIT RISK

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

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

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

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

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

FINANCIAL INSTRUMENT	2017 R	2016 RESTATED* R
Cash and cash equivalents	124 022 152	102 435 248
Receivables from exchange transactions	34 260 623	39 274 667
Loans to shareholder	81 618 304	59 680 583

30. GOING CONCERN	2017 R	2016 RESTATED* R

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.

31. FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	18 971 533	18 971 533
Identified and incurred in the current year	7 224 358	-
	26 195 891	**18 971 533**

2016

Settlement costs for re-instated employees and associated legal costs R7,097,558.

Event cancellation R126,800.

32. IRREGULAR EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE		
Opening balance	26 280 763	25 690 481
Irregular expenditure identified in current year relating to prior year	31 676 865	-
Irregular expenditure identified in current year	3 326 008	590 282
	61 283 636	**26 280 763**

DETAILS OF IRREGULAR EXPENDITURE CURRENT YEAR

Rocker bins	Investigations, disciplinary action and other steps are underway to address this matter	530 075
Washbasins project	Investigations, disciplinary action and other steps are underway to address this matter	1 340 032
Transformers (multi year)	Investigations, disciplinary action and other steps are underway to address this matter	15 010 341
Legal costs	Investigations, disciplinary action and other steps are underway to address this matter	18 122 425
		35 002 873

DETAILS OF IRREGULAR EXPENDITURE PRIOR YEAR

Splitting of orders	Corrective measures have been implemented and monitored.	590 282

33. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2017 R	2016 RESTATED* R
AUDIT FEES		
Current year audit fee	2 453 433	2 333 891
Amount paid - previous years	(2 453 433)	(2 333 891)
	-	-
PAYE and UIF		
Opening balance	-	1 640 203
Current year expense	24 739 010	18 928 203
Amount paid - current year	(24 739 010)	(18 928 203)
Amount paid - previous years	-	(1 640 203)
	-	-
Pension and Medical Aid Deductions		
Current year expense	9 266 409	8 434 973
Amount paid - current year	(9 266 409)	(8 434 973)
	-	-
VAT		
VAT receivable	3 866 593	4 075 802

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

34. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

Deviations authorised by the Accounting Officer		
Sole supplier	1 050 541	507 605
Extension of contracts	4 169 165	64 000
Emergency procurement	4 881 301	11 669 189
	10 101 007	**12 240 794**

During the prior year under review the Board became aware of procurement irregularities. This necessitated investigations, which resulted in the appointment of forensic investigators and legal counsel. These deviations are listed as Emergency in the above table for R4 million in 2017 (R10 million 2016). Refer to item 19 in the Director's report.

35. VAT RECEIVABLE

VAT	3 866 593	4 075 802

36. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS: 2017 **Financial assets**	AT AMORTISED COST R	TOTAL R
Loans to shareholders	81 618 304	81 618 304
Trade and other receivables from exchange transactions	34 260 623	34 260 623
Cash and cash equivalents	124 022 152	124 022 152
	239 901 079	**239 901 079**
Financial liabilities		
Loans from shareholders	43 326 526	43 326 526
Finance lease obligation	242 526	242 526
Trade and other payables from exchange transactions	104 447 777	104 447 777
	148 016 829	**148 016 829**
CATEGORIES OF FINANCIAL INSTRUMENTS: 2016		
Financial assets		
Loans to shareholders	59 680 583	59 680 583
Trade and other receivables from exchange transactions	39 274 667	39 274 667
Cash and cash equivalents	102 435 248	102 435 248
	201 390 498	**201 390 498**
Financial liabilities		
Loans from shareholders	64 942 204	64 942 204
Finance lease obligation	1 616 151	1 616 151
Trade and other payables from exchange transactions	118 836 173	118 836 173
	185 394 528	**185 394 528**

37. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

The useful life of furniture and fittings, computer equipment, plant and machinery and office equipment was estimated in 2016 to be 13,10,14 and 11 years respectively. In the current period management have revised their estimate to 14,11, 15 and 12 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 352 022.

38. PRIOR-YEAR ADJUSTMENTS

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

STATEMENT OF FINANCIAL POSITION: 2017	AS PREVIOUSLY REPORTED R	CORRECTION OF ERROR R	RESTATED R
Property,plant and equipment	360 348 731	(1 992 903)	358 355 828
Receivables	41 762 675	(2 488 008)	39 274 667
Accumulated surplus	(371 914 601)	4 480 911	(367 433 690)
	30 196 805	**-**	**30 196 805**

STATEMENT OF FINANCIAL POSITION: 2016	AS PREVIOUSLY REPORTED R	CORRECTION OF ERROR R	RESTATED R
Donations	1 219 664	2 488 008	3 707 672
Depreciation	18 774 252	(50 547)	18 723 705
Loss on disposal of assets	32 488	2 043 450	2 075 938
Surplus for the year	**20 026 404**	**4 480 911**	**24 507 315**

ERRORS

PPE disposed off related to prior year investigations. The correction of PPE cost and depreciation was due to this write off.

Donations and receivables related to costs the entity incurred in a corporate social investment program that was completed in the prior year.

CHAPTER SIX

INTERNAL AUDIT

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Internal Audit has a specific mandate from the Audit and Risk Committee to independently appraise the adequacy and effectiveness of risk management, internal control and governance processes within JM. The internal-audit coverage plan is based on the results of both the entity's strategic risk assessment and the approved business plan. The coverage plan is updated annually, based on the risk-assessment, internal and external emerging strategic issues and results of audits performed in the previous financial year. This ensures that audit coverage focuses on identified high risk areas and emerging risk.

Internal audit assists management in maintaining efficient and effective controls by evaluating those controls and providing recommendations for enahancement or improvement. The controls subject to evaluation include:

- Reliability and integrity of financial and performance information;
- Effectiveness of operations;
- Effectiveness of general and application controls;
- Safeguarding of assets; and
- Compliance with laws, regulations and controls.

SECTION 1:
PROGRESS AGAINST THE 2016/17 APPROVED INTERNAL AUDIT PLAN

The table below presents progress against 2016/17 Internal Audit Plan as at 30 June 2017

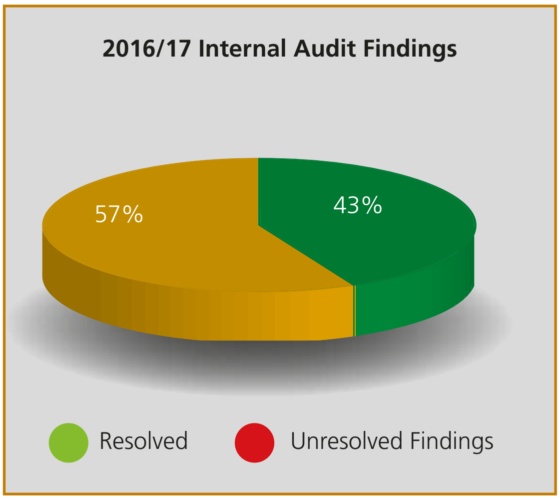
Description	Status Year to date progress against the plan				
	Project Allocation	Planning Phase	Execution Phase	Reporting Phase	Completed
Audit performed in-house	8	-	2	1	5
Outsourced audits	5	-	0	0	5
Total	**13**	**0**	**2**	**1**	**10**
Progress-%	**100%**	**0%**	**15%**	**8%**	**77%**

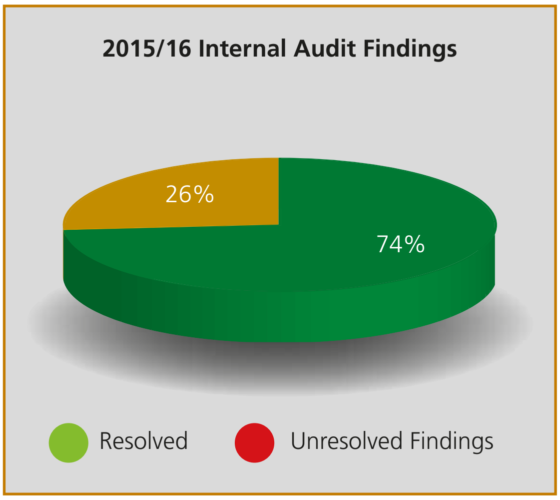
At the end of the year 77% of the planned audits were completed and 23% was carried forward to 2017/18. The table below shows the ratings of the reports issued and the number of findings therein.

Name of Audit	Status	Internal Audit Opinion	Findings Raised
Infrastructure	Completed	Audit results indicate significant weakness in control environment and/or instances of non-compliance with internal controls.	2
Auditing of Predetermined Objectives (Performance information)	Completed	Audit results indicate significant weakness in control environment and/or instances of non-compliance with internal controls.	8
Revenue - (5% commission; Complementary Services)	Completed	Adequate with a need for improvement on effectiveness	4
Human Resources	Completed	Adequate with a need for improvement on effectiveness	4
Supply Chain Management	Completed	Audit results indicate significant weakness in control environment and/or instances of non-compliance with internal controls.	6
IT General Controls	Completed	Adequate with a need for improvement on effectiveness	4
IT Application Controls	Completed	Adequate with a need for improvement on effectiveness	3
Critical Financial Reporting Controls	Completed	Adequate with a need for improvement on effectiveness	1
Cashiering	Completed	Audit results indicate significant weakness in control environment and/or instances of non-compliance with internal controls.	4
Follow ups	Completed	Good progress made in the resolution of findins raised.	
Foodbank	Carried forward to 2017/18		
King 4 Readiness Assessment			
Marketing			

SECTION 2:
RESOLUTION OF INTERNAL AUDIT FINDINGS

As required by the MFMA, Municipal Systems Act, the IIA Standard and the Internal Audit Charter, internal audit conducts follow –up audits to ensure that the agreed action plans are being implemented within the timeframes that management committed to. The unit conducts follow-ups on findings raised in the internal audit reports and those raised by the AGSA in the management letter. The rating of the finding determines the extent to which the follow up will be conducted i.e. minor and moderate findings, are updated based on comments received from management. Resolution of AG findings is presented in Section 4 below.





At the end of the year, 74% of the findings raised in the 2015/16 internal audit reports were resolved. The remaining 26% is in progress with plans to have these resolved by December 2017. Good progress has been made on new findings as 43% of these had been resolved.

SECTION 3:
EFFECTIVENESS OF INTERNAL CONTROLS

Internal controls are critical in ensuring that the entity has designed and implemented appropriate and effective systems, processes, policies and procedures that will support the achievement of organisational objectives. Internal controls are implemented by management through systems, policies and procedures executed in day-to-day operations. Internal Audit makes an assessment on the effectiveness of these controls based on the results of audits conducted in the various business areas.

Internal Audit has evaluated the internal controls on the basis of audits completed and engagements with various key aspects of the organisation. The internal controls are thus evaluated as partially effective as significant control weaknesses and instances of non-compliance were indentified across a number of processes.

SECTION 4:
HISTORY OF AUDITOR-GENERAL'S AUDIT OPINION

The Constitution S188 (1) (b) states that the function of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA Section 45 states that the results of performance measurement must be audited annually by the Auditor – General.

The report of the Auditor-General to the Gauteng Provincial Legislature and the Council of the CoJ Metropolitan Municipality of JM on the Joburg Market is presented in Chapter 5 of this report in page 71.

Summary of the audit opinion for the last five years is shown in the table below:

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Audit opinion	Unqualified (Clean Audit)	Unqualified (Clean Audit)	Unqualified (Clean Audit)	Unqualified	Unqualified

SECTION 5:
RESOLUTION OF THE AUDITOR-GENERAL'S FINDINGS

The table below provides a comparison of the Auditor – General findings reported in the management letter for the past three financial years.

Financial year	2013/2014	2014/2015	2015/2016
Total findings	7	8	20
Resolved	5	7	17
Resolution Rate	71%	88%	85%
Unresolved findings	2	1	3
% unresolved findings	29%	12%	15%

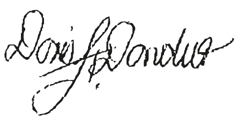
The Analysis of the unresolved Auditor- General findings is presented in the table below:

Finding	Remedial Action required
1. Invoices not paid within 30 days (Repeat Finding)	Resolution in on-going JM keeps a schedule aimed at tracking the processing of invoices to ensure that invoices are paid within the stipulated timeframes. Monitoring is conducted on a monthly basis The process is to be enhanced to show reasons for not paying within 30 days and the corrective action thereof. This was not recorded in all instances of late payment.
2. Outdated policies	Resolution of this finding is on-going JM management is in the process of updated the policies. A majority of the outdated policies have been revised and approved. The process of revising policies includes consultations prior to submitting to the Board committee for recommendation to the Board for approval.
3. Commitments Schedule inaccurate	The Commitment schedule to be updated as part of year end procedures.

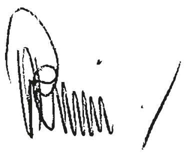
SECTION 6:
COMMITMENT BY THE BOARD OF DIRECTORS

The Board is committed to the applicable standards of ethical behavior from our Directors, Management and Employees. In line with this commitment the Board continues to enhance and align its policies, systems and processes to embed sound corporate governance principles and ethical standards. Guided by these principles and standards, directors and management are required to exercise ethical judgment in leading the entity and acting in the best interest of all stakeholders.

The Board of Directors and the Audit and Risk Committee are satisfied that the remedial actions taken or to be taken on matters raised by the Auditor – General are adequate.



D Dondur
Chairperson of the Board



R Theunissen
Chairperson of Audit and Risk Committee

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