Joburg

a world class African city

JOBURG
PROPERTY COMPANY

City of Joburg Property Company SOC Ltd

Integrated Annual Report

2014/2015

Registration No: 2000/017147/07

Conversion of Hostel into Social Housing.

Orlando eKhaya Precinct

About this Report

The City of Joburg Property Company SOC Ltd (JPC) is pleased to present its annual report for the year 1 July 2014 – 30 June 2015. JPC was established in 2000 as a private Company, wholly owned by the City of Johannesburg Metropolitan Municipality (CoJ) and it converted into a State-Owned Company after the implementation of the Companies Act of South Africa, 2008 (Act No 71 of 2008). As such, it complies with the Companies Act. As a Municipal Entity, the Company is also subject to the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Municipal Systems and its applicable regulations. Further entrenching its commitment to high standards of corporate governance JPC ensures it strives for compliance with the King Report on Corporate Governance for South Africa 2009 (the King III report), code and principles. (For more details and an overview of the Company governance structure, please refer to Chapter 2 of this report).

Management aims to adopt the guidelines outlined in the International Integrated Reporting Council's Framework as appropriate in future years. Materiality has been applied in determining the content and disclosure in the report.

Company Information

Registration number:	2000/017147/07
Registered address:	1st Floor l Forum II l Braam Park l 33 Hoofd Street l Braamfontein
Postal address:	PO Box 31565 l Braamfontein l 2017
Telephone number:	+27 010 219 9000
Fax number:	+27 010 219 9400
Website:	www.jhbproperty.co.za
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General of South Africa

Vision

Our vision is to provide Property Management, Property Development, Facilities Management and Property Asset Management services in order to maximise the social, economic and financial benefit to the CoJ, as well as support the delivery objectives on a cost-competitive basis.

Mission

JPC is the manager of the property assets of the CoJ, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use. JPC provides Asset Management, Property Management, Facilities Manager and Property Development services, as well as interacts with the general public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery of the CoJ.

Values

Our Company values provide an ethical foundation and are fundamental to our success.

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

Metro Centre Block A and proposed new CoJ offices.

Acronyms and Abbreviations

Acronym/ abbreviation	Name/phrase
AFS	Annual Financial Statements
AOPO	Audit of Predetermined Objectives
ATR	Annual Training Report
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
CAPEX	Capital Expenditure
CBD	Central Business District
CBO	Community-based Organisation
CoJ	City of Johannesburg Metropolitan Municipality
FMM	Facilities Management and Maintenance
GCSS	CoJ: Group Corporate Shared Services
GDS 2040	Growth and Development Strategy 2040
GIAMA	Government Immovable Asset Management Act
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiative
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IAS	International Accounting Standards
IT	Information Technology
IMATU	Independent Municipal and Allied Trade Union
JMPD	Johannesburg Metro Police Department
JoshCo	Johannesburg Social Housing Company
JPC	City of Joburg Property Company SOC Ltd
JRA	Joburg Roads Agency

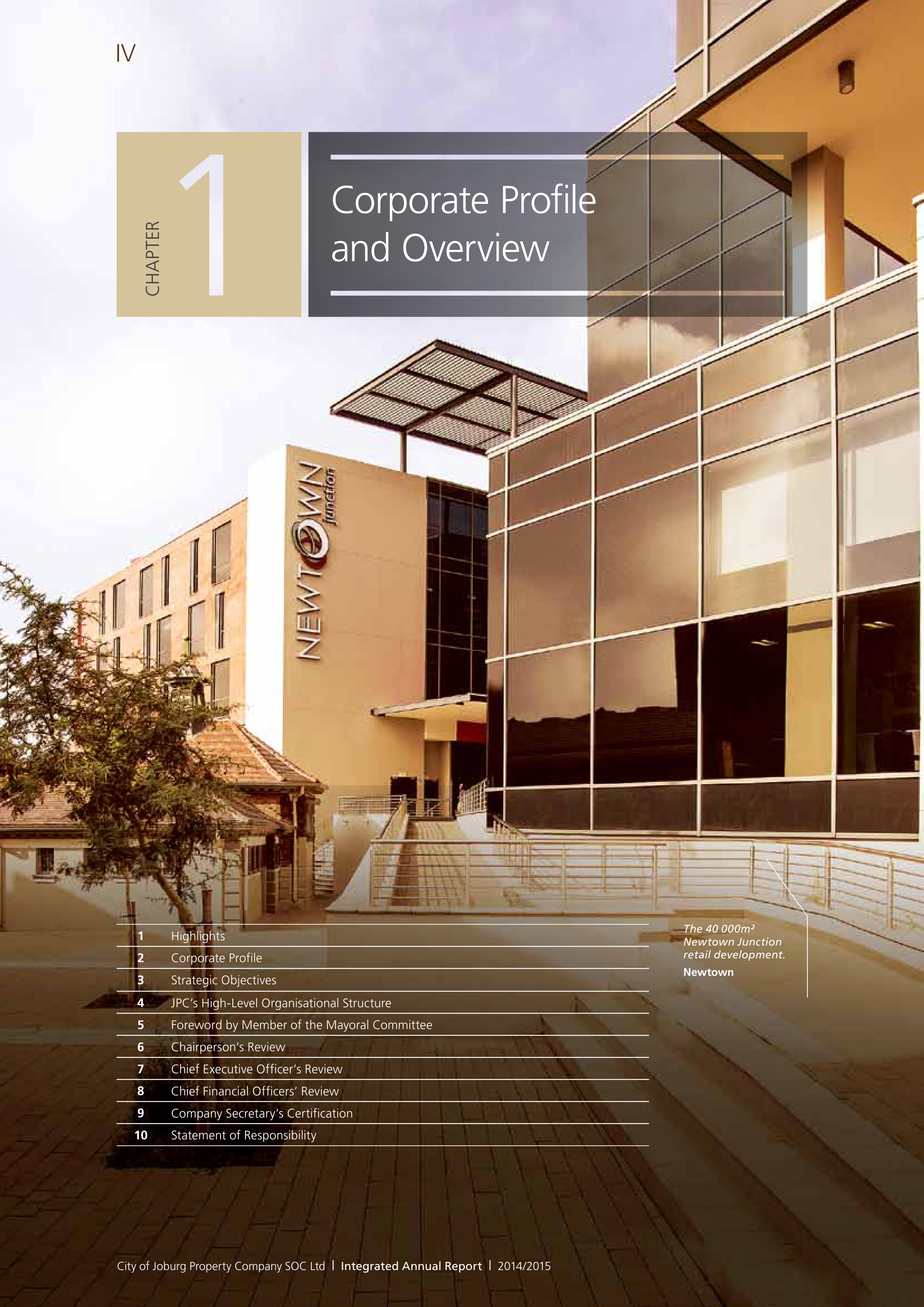
Acronym/ abbreviation	Name/phrase
LIS	Land Information System
LLF	Local Labour Forum
MEs	Municipal Entities
MFMA	Municipal Finance Management Act, 2003
MMC	Member of the Mayoral Committee
MOE	Municipal-Owned Entity
MSA	Municipal Systems Act
MTC	Metropolitan Trading Company
NGO	Non-Governmental Organisation
OCM	Organisational Change Management
OD	Organisational Design
OHASA	Occupational Health and Safety Act
OPCAR	Operation Clean Audit Register
OPEX	Operational Expenditure
OSO	Office Space Optimisation
PIMS	Property Information Management System
POWA	People Opposing Women Abuse
REMCO	Remuneration and Human Resources Committee
RFP	Request for Proposal
SAMWU	South African Municipal Workers' Union
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDM	Service Delivery Model
SMME	Small, Medium and Micro-Enterprises
SOC	State Owned Company
UNGC	United Nations Global Compact
WSP	Workplace Skills Plan

PANEL OF ATTORNEYS	AF van Wyk Attorneys, Bibi Rikhotso Attorneys, Bowman Gilfillian, Brink Cohen Le Roux, Collin Nciki Inc, Edward Nathan Sonnenberg Inc, Koikanyang Inc, Kunene Ramaphala Botha, Lennon Moleele & Partners Inc, Madlanga and Partners Inc, Malebye Motaung Mtembu, Mchunu Attorneys, Mdlulwa Nkhuhlu, Mkhabela Huntley Adekeye Inc, Mncedisi Ndlovu and Sedumedi Attorneys, Mogaswa Attorneys, Mojela Hlazo, Moodie and Robertson, Norton Rose Fulbright, Nozuko Nxusani, Padi Inc, Poswa Inc, Prince Mudau and Associates, Ramushu Mashile Twala Inc, Ranamane Mokalane Inc, Salijee Du Plessis Van der Merwe, SM Nkadimeng, Webber Wentzel and Werkmans

Contents

CHAPTER 1

Corporate Profile and Overview



The 40 000m² Newtown Junction retail development.
Newtown

Highlights

JPC achieved 90% against performance scorecard.

Social

- In the financial year (2014/2015) a total of 9 955 jobs were created against a target of 8 000, exceeding the target by 24%. In the previous financial year (2013/2014) a total of 6 429 jobs were created against a target of 2 600, exceeding the target by 40%; and
- 7 159 SMME's supported – exceeding target by 79% and more than double 2013/2014 (3 452).

Operational

- First property transfers took place – 3 065 properties under the land regularisation programme transferred;
- 12 803 properties under the land regularisation programme identified for transfer – up 80% compared to 2013/2014 (2 459);
- 28 properties acquired along the Transit Oriented Development, Corridors of Freedom and for Housing Master Plan – exceeding target by 40% and 4 times more than 2013/2014 (7);
- Creation of structured Informal City Market in the inner city which will be a vibrant hub and tourist attraction, progressing well; and
- Office Space Optimisation programme – Council Chamber site handed over to contractor.

Financial

- R110 million income from leases, servitude sales – exceeding the target by 36.3%;
- R477 million private sector investment secured exceeding the target; and
- R1.68 billion investment leverage on property transaction exceeding the target by 68% and up from R770 million in 2013/2014 and R345 million in 2012/2013, underpinning JPC's sustainability and subsequent future growth and job creation.

JOBURG
PROPERTY COMPANY

JPC provides:

- Property Development
- Property Management
- Facilities Management which includes Informal Trading and Public Transport
- Property Asset Management
- All Related Ancillary Services

Key drivers underpinning all JPC's activities are:

Maximising the social, economic and financial value
of the CoJ's property portfolio, enhancing the efficiency of its use

Supporting the achievement of the CoJ's strategic priorities,
including economic and social development, and its service delivery objectives

Stakeholder engagement

Corporate Profile

JPC's business

JPC is a dynamic, visionary Company mandated to manage and develop the CoJ's property portfolio. The diverse portfolio covers 50 000 hectares across seven municipal regions.

JPC maximises social and commercial opportunities within CoJ's portfolio to unlock value and support the City's growth and development strategy aimed at making Johannesburg a "World-class African City".

A drive for social transformation is at the core of JPC's strategy and all its operations. Utilising council-owned land assets JPC leverages private sector investment in public infrastructure, promoting innovative solutions to the development challenges of contemporary Johannesburg.

JPC's Flagship Properties

Mofolo North Residential, Soweto – FNB Wesbank Head Office, Fairland – Dale Lace Village, Westcliff – Pan Africa Shopping Centre, Alexandra – Soweto Theatre, Jabulani – Diepkloof Plaza Shopping Centre – Huddle Park Golf and Recreation

Projects Completed in 2014/2015

Joshco Hostel Conversion at Orlando eKhaya – Newtown Junction – The Majestic, Newtown – Bara Central (Blackchain) – Bara Central Retail Development – Melville 27 Boxes – Johannesburg Holocaust and Genocide Centre, Forest town – UJ Soweto Campus at Orlando eKhaya – Jabulani Manor, Soweto – Melrose Crossing Shopping Centre – Orlando Towers at Orlando eKhaya

Properties in progress at year-end

OSO City Hall Precinct (Council Chamber) – Jabulani CBD (Jabulani Brook Residential) – Orlando eKhaya (City Limits) – Newtown Wedge, Newtown – Eldorado Park 4037 – Riversideview Integrated Housing Project, Diepsloot

Strategic Objectives

JPC aligns its strategic objectives to support the vision and mission of the City's GDS 2040. This highlights the Company's role as an economic and social property agency to achieve positive developmental outcomes. JPC's strategy reflects those of the Economic Growth, Human and Social Development, Sustainable Services and Governance Clusters, as well as various Integrated Development Plan (IDP) programmes. In synchronising the various strategic aims, JPC identified the following as strategic objectives:

- Supporting economic development;
- Supporting community development and social initiatives;
- Utilising the property portfolio to address social imperatives and priorities;
- Utilising the portfolio as a vehicle for transformation;
- Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders; and
- Ensuring a professionally managed, sustainable and profitable Company.

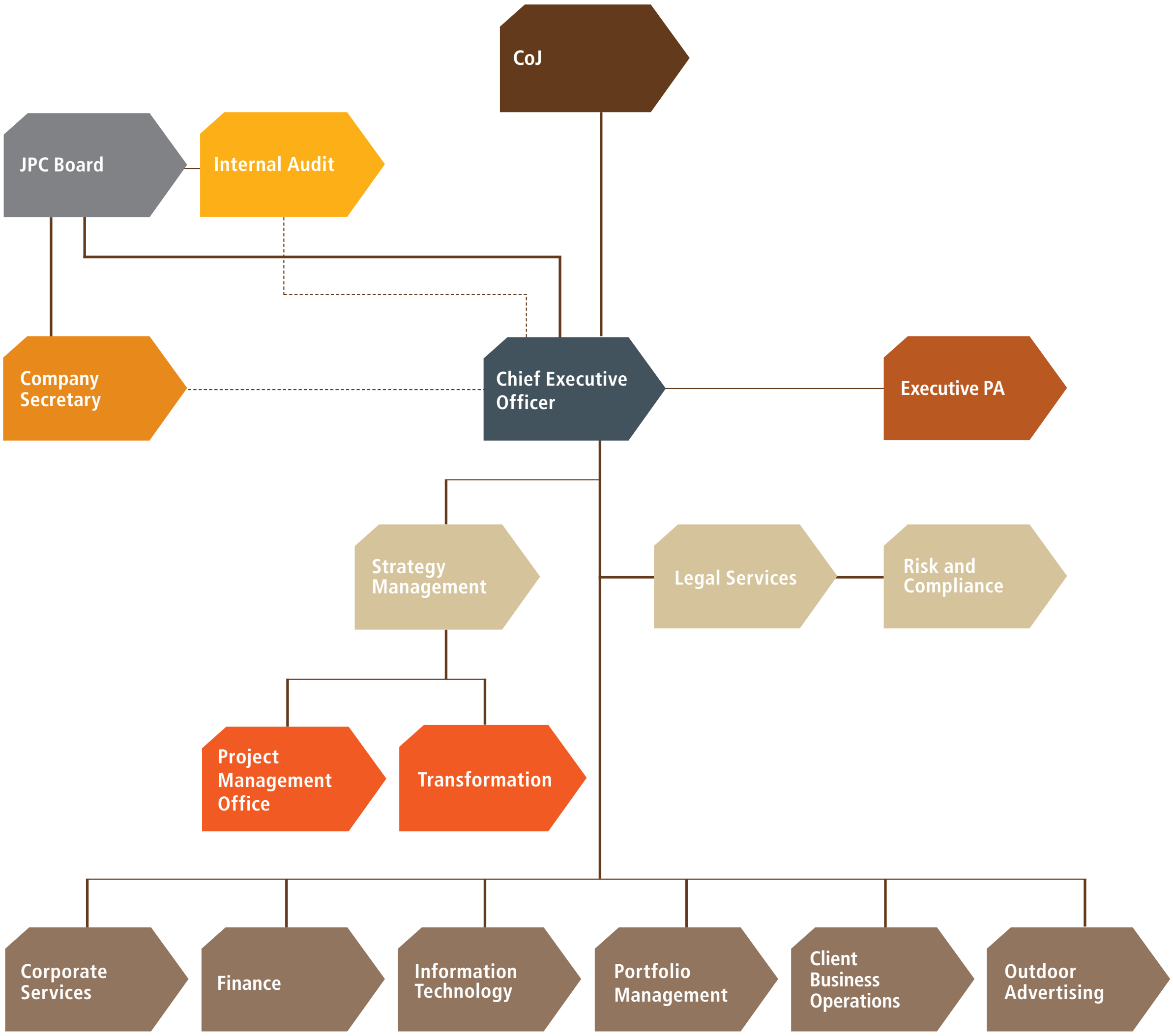
Strategy in action

During the year under review, JPC underwent a corporate restructuring process to better align its strategy to the GDS 2040, positioning the Company for growth and enhancing its ability to exercise its mandate effectively.

University of Johannesburg, Soweto Campus Upgrade.

Orlando eKhaya Precinct

JPC's High-Level Organisational Structure – Effective 1 July 2015



Foreword by Member of the Mayoral Committee

"While we are mindful of the complex challenges, it is our total commitment to service delivery and a spirit of determination that has resulted in the improved provision of service. This is confirmed by the performance of JPC against the scorecard as well as delivering on key projects like Newtown Junction."

COUNCILLOR RUBY MATHANG I MMC I Economic Development

JPC is a critical economic development and transformation tool for CoJ, and the importance and impact of all decisions taken cannot be emphasised enough. During this financial year, JPC undertook an institutional review to ensure that there are improved efficiencies in the whole organisation with the key focus on improving on the land release processes. Property is a catalytic tool to enhance social cohesion and the proactive absorption of the poor, and is the main driver of transformation. Property is about unbundling land in a strategic manner to enable the development of the economy.

The current spatial development of Joburg benefits only a small portion of the community mainly the transporters. It is imperative that land is availed timeously to individuals, entrepreneurs and organised business to drive transformation. Each step, however miniscule, has an impact on the lives of the underprivileged.

JPC plays an important role in the Integrated Development Plan (IDP) and the Growth and Development Strategy 2040 (GDS 2040) of the City to unlock land and drive development, especially in underdeveloped and previously marginalised areas. Shopping malls and all associated goods and services must be within easy reach of consumers. If this can be accomplished, it will lead to less pressure on inflation and a better quality of life for all. JPC has embraced this challenge and is taking steady steps to ensure that it becomes an efficient manager of the property assets of the CoJ. This approach ensures a focused organisation that will deal holistically with all properties owned by the City and managed by JPC.

While we are mindful of the complex challenges, it is our total commitment to service delivery and a spirit of determination that has resulted in the improved provision of service. This is confirmed by the performance of JPC against the scorecard as well as delivering on key projects like Newtown Junction.

In conclusion, I wish to recognise the efforts and commitment of JPC's Board and Employees. Your efforts have brought us closer to the delivery of a good, reliable and quality service to the communities, ratepayers, residents and businesses of the CoJ.

Ruby Mathang
Councillor

Chairperson's Review

"The Board and Management remain committed to continuous improvement in attaining strong financial and operational results and contributing to the vision of a world-class African city. We gratefully acknowledge the continuing support of the CoJ in assisting the Company to achieve its deliverables."

ANDILE MABIZELA I Chairperson I Board of Directors

It gives me great pleasure to submit the published JPC Annual Report, which covers the period from 1 July 2014 to 30 June 2015. The year presented both opportunities and challenges. The Company remains resolute and determined to continue on course to deliver against its mandate as contained in the approved Service Delivery Agreement (SDA).

One of the significant occurrences in the year under review was the reappointment of Ms Helen Botes as the Company's Chief Executive Officer. The reappointment is testament to the Board's faith in Ms Botes' leadership of the Company.

The Company underwent rigorous restructuring pursuant to the institutional review process and the parameters followed included, amongst other things, focusing resources and coordinating efforts for the attainment of the Company's strategic objectives. The newly approved structure was designed to support the Corporate Strategy that is aligned to the GDS 2040 as well as refining the internal processes within the core units. These refinements have positioned the Company for efficient delivery against its mandate as well as growth and expansion.

The Board and Management remain committed to continuous improvement in attaining strong financial and operational results and contributing to the vision of a world-class African city. We gratefully acknowledge the continuing support of the CoJ in assisting the Company to achieve its deliverables.

In closing, I wish to thank MMC Ruby Mathang, the Chief Executive Officer of the Company, the Board, the Executive Managers and their teams for their continued faith and support. I look forward to the future that awaits the Company as it sets out on a mission to further enhance its effectiveness and developmental value-add in the CoJ.

Mabizela

Andile Mabizela
Chairperson

Chief Executive Officer's Review

"The Office Space Optimisation (OSO) programme has made significant progress in the current financial year. JPC is proud to report that the milestones of the programme are developing gracefully and targets that were set for the year under review were met with the construction of phase one set to begin early in the next financial year."

HELEN BOTES I Chief Executive Officer

It is a pleasure for me to present the JPC results for the year ended 30 June 2015.

During the year under review, JPC underwent an institutional review process which resulted in the establishment of a new corporate structure within JPC that has now been completed. The high level structure has been fully capacitated to drive the JPC Corporate Strategy, which was approved in the prior year, setting a long-term vision of how the City property portfolio will be managed. The ultimate stages of the lower level structure are in progress. Job profiles and job evaluation are being redefined in order to support the new business strategic imperatives. Subsequently, the placement of Employees in the new organisational structure is underway with the main aim that the process is transparent and fair, taking into account the requirements of the various stakeholders within JPC.

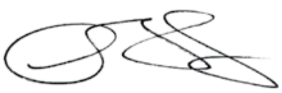
The Land Strategy implementation is underway with consultation of user departments of the CoJ properties. The process includes engaging the stakeholders, who are representatives of various CoJ departments and MOEs to gain an in-depth understanding of their service delivery objectives and to obtain their land requirements and future plans which support these objectives.

It is of the utmost importance that a physical verification be completed for proper implementation of the Land Strategy. A total of 29 742 properties have been physically verified and uploaded, which constitutes 100% of the CoJ property portfolio in Region A – G including all the properties situated along the Corridors of Freedom. The closing balance of the portfolio as at 30 June 2015 is R8.365 billion, higher compared to the same period in 2014, which was R7.959 billion.

The Office Space Optimisation (OSO) programme has made significant progress in the current financial year. JPC is proud to report that the milestones of the programme are developing gracefully and targets that were set for the year under review were met, with the construction of phase one set to begin early in the next financial year.

I am pleased to announce that JPC spent an allocated R125 million in CAPEX for the financial year under review which translates into a 100% CAPEX spend on various key projects that were undertaken. Furthermore, JPC achieved 90% of the annual targets as highlighted in the Company scorecard and this is a sign of a performance driven entity that seeks to achieve excellence. JPC will continue to work hard in ensuring that it delivers against the approved scorecard.

I would like to extend a special word of thanks to the Board for their guidance and support as JPC continues the pursuit of excellence. Last but not least, I would like to express my sincere appreciation to our competent and dedicated Management Team and Employees for their commitment and tireless efforts at making JPC the incredible organisation that it is today.



Helen Botes
Chief Executive Officer

Chief Financial Officer's Review

"JPC has a solvency ratio of 1.05:1 against the norm of 1:1 and is factually solvent, whereby the financial statements indicate that there are sufficient assets to cover all liabilities. The risk of financial sustainability and commercial insolvency has increased but the threat is mitigated by the cash resources and facilities provided by the City to JPC to remain operational."

IMRAAN BHAMJEE | Chief Financial Officer

The integration with the Metropolitan Trading Company and Facilities Management and Maintenance has been completed with some teething challenges. The main area, in this regard, is the funding model that supports the integration. This resulted in budgets being allocated that have proven not only to be unattainable but also unable to generate sufficient cash flow to support the operations of JPC. However, there is light at the end of the tunnel as the CoJ and JPC have come to an interim agreement to address the funding and cash flow challenges. The resolution entails a subsidy of R329 million from the 2015/16 financial year that will enable JPC to fund its strategic competencies for the upcoming financial year.

For 2014/15, the entity has yielded revenue of R305 880 637 compared to a budgeted turnover of R514 873 748. This is a 59.4% achievement towards the budgeted income. The main reasons for revenue underrecovery is the result of JPC only being able to recoup actual expenditure incurred by FMM for the services rendered to other MOEs and Departments across the City. Completion commission on CAPEX projects was not funded by the CoJ in 2014/15 and as a result JPC could not achieve R58 941 450 in revenue.

The overall total operating expenditure for the financial year 2014/15 is R386 265 709. This equates to a saving of 8.06% of the allocated budget. This is due to expenditure control measures implemented by Management. Included in expenditure is interest incurred on the sweeping bank account overdraft of R7 005 146.

JPC has a current ratio of 0.93:1 as compared to the norm of 2:1, with a negative cash flow of R114 783 680 for the year under review as compared to a negative cash flow of R207 720 201 for the same period in the 2013/14 financial year. The sweeping account currently reflects as R114 783 680 in overdraft. JPC is currently owed R253 641 660 from intercompany debtors. Collection of outstanding intercompany monies places JPC with a positive cash flow position of R138 857 980. Management has made significant headway in dealing and negotiating with the CoJ to facilitate payment to JPC, subsequent to the financial year-end.

The outlook for 2015/16 remains positive given the resolutions taken by the CoJ to fund JPC and to rectify the cash flow position of the entity. The subsidy model of funding has been provisionally approved by the CoJ for the next three financial years. The subsidy made available to JPC in the coming financial years will be:

- 2015/16 – R329 345 000;
- 2016/17 – R348 867 000; and
- 2017/18 – R373 535 000.

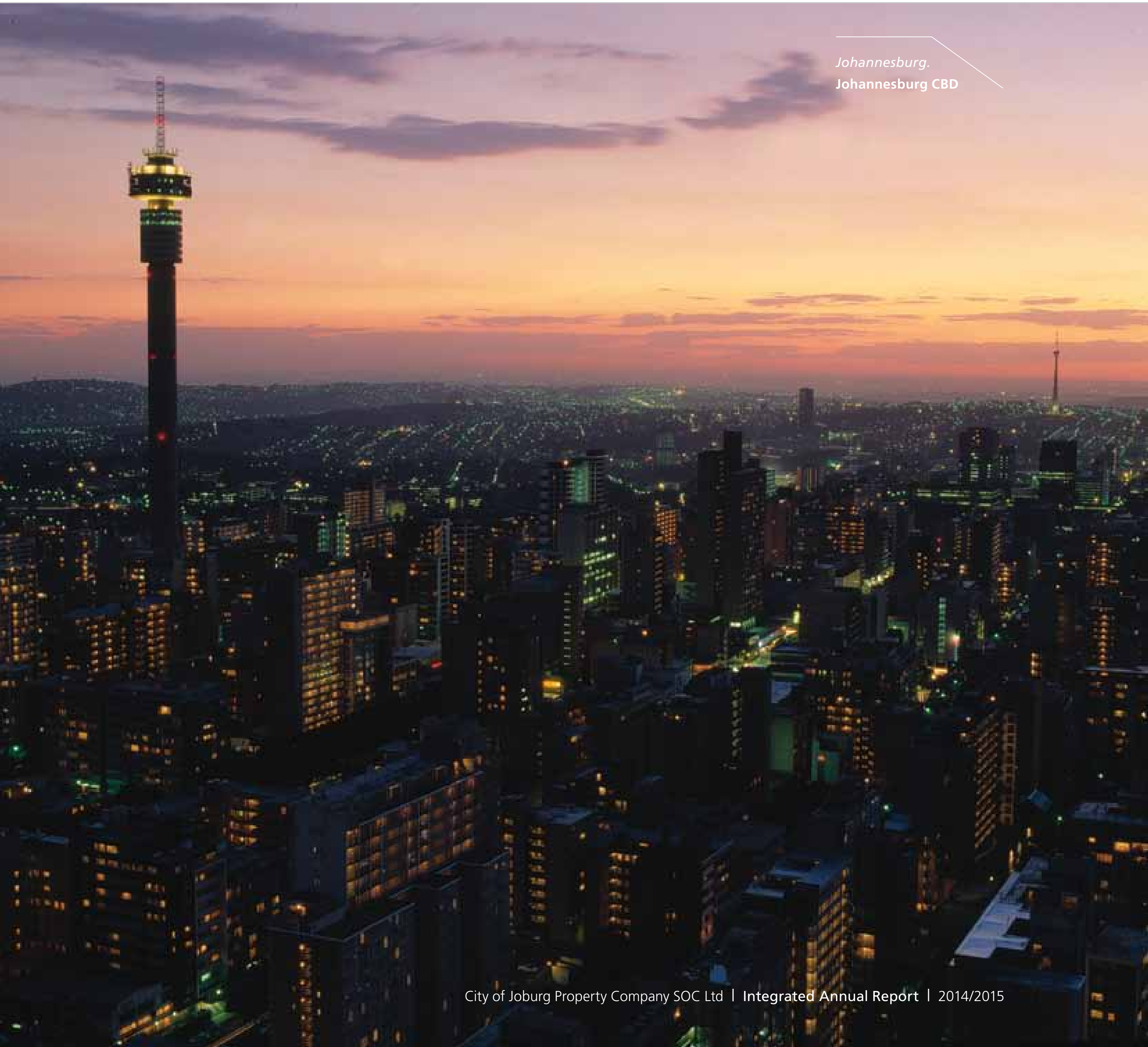
Engagement with the CoJ has commenced on the expenditure that JPC will incur, in line with the subsidy provided, to continue servicing the needs and demands of the various Departments and MOEs. The feedback and engagement has been positive. As Management, we anticipate a much stronger financial performance and position.

Imraan Bhamjee
Chief Financial Officer

Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act, No 71 of 2008 of South Africa, that for the year ended 30 June 2015, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required in terms of this Act and that all such returns, to the best of my knowledge, are true, correct and up-to-date.

Verusha Morgan
Company Secretary



Johannesburg.
Johannesburg CBD

Statement of Responsibility

The Directors are required by the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and the Companies Act, 2008 (Act No 71 of 2008) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period. The External Auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

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

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

The Directors have reviewed the Company's cash flow forecast for the year ending 30 June 2015 and in light of this review and the current financial position, they are satisfied that the Company has or will have access to adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the basis that the Company is a going concern.

Although the Board of Directors are primarily responsible for the financial affairs of the Company, they are supported by the Company's External Auditors, who are responsible for independently reviewing and reporting on the Company's financial statements.

The financial statements, prepared on a going concern basis, have been approved by the Board of Directors in November 2015.

Mabizela

Helen Botes
Chief Executive Officer

Andile Mabizela
Chairperson

A 100% BEE, niche retail development.

Melrose Crossing

CHAPTER 2

Governance

2015 Key Highlights

- Incorporating ethics into risk management through a comprehensive ethics management plan
- Effective and independent Audit and Risk Committee
- Adopting a new MoI at the AGM held on 3 February 2015
- Acting in the best interests of the Company through a comprehensive Board Charter
- Revising Board subcommittee terms of reference to ensure effective delegation of authority

Redefining the Sandton Skyline.

The Kgoro Gateway Development

Corporate Governance Statement

The Board and Management of the JPC are committed to maintaining the highest standards of corporate governance by ensuring that the Company's ethics are managed effectively through building an ethical culture, setting ethics standards, measuring adherence and incorporating ethics into risk management, operations, performance management and disclosure.

This Corporate Governance Statement therefore describes the governance principles and practices of the JPC in relation to the ethical values of good corporate governance founded on the four primary pillars of responsibility, accountability, fairness and transparency as envisioned in the King III Report.

This statement also describes how JPC has applied the principles set out in the Companies Act 71 of 2008 (the Companies Act), the Municipal Systems Act (MSA), the Municipal Finance Management Act (MFMA), the policies and agreements entered into with its sole shareholder, CoJ as well as standards of best practice.

Application of King III

The entity has incorporated the CoJ's Corporate Governance Protocol in its Board Charter in line with the governance principles contained in the King III report and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures.

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.

The entity practices are, in most material instances, in line with the principles set out in the King III Report.

Group's Governance Framework

The City's Governance Framework assists the City as a group to better understand the governance structure and principles required to ensure effectiveness and accountability. This indicates that the conception of the City as a "Holding Company" with "Subsidiaries" is reinforced and the alignment and consistency of the City Group policies is achieved through setting of consistent performance standards.

Ethical Leadership

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.

Corporate Citizenship

The Board and Management recognise the entity's responsibility to protect, enhance and invest in the well-being of the economy, society and natural environment. The Board therefore ensures that Management pursues the Company's activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

Board of Directors

The entity has a unitary Board, which consists of executives and Non-Executive Directors. The Board is chaired by a Non-Executive Director, Mr A Mabizela who has no executive functions. The roles of Chairperson and Managing Director are separate, with responsibilities clearly divided between them.

The Board meets regularly, at least quarterly. and retains full control over the Company. However, the Board remains accountable to its sole member, the CoJ.

A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides Monthly, Quarterly, Bi-Annual and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-Executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board.

The term of office of the Non-Executive Directors is subject to review at the Annual General Meeting and a performance evaluation of the Board is independently conducted at the end of each financial year. Any shortcomings arising therefrom are addressed and areas of strength consolidated.

The performance of each committee is evaluated by the Board against each committee's terms of reference.

Attendance at meetings held during the year was as follows:

No.	Board	Audit and Risk	REMCO	Transactions	Social and Ethics	Transformation
1	4 July 2014	28 Jul 2014	17 Jul 2014	1 July 2014	9 Sept 2014	13 Nov 2014
2	26 Aug 2014	20 Aug 2014	18 Jul 2014	28 Oct 2014	27 Jan 2015	8 May 2015
3	18 Sept 2014	29 Oct 2014	15 Sept 2014	28 Jan 2015	12 May 2015	
4	29 Sept 2014	26 Nov 2014	17 Nov 2014	15 May 2015		
5	9 Oct 2014	21 Jan 2015	22 Jan 2015			
6	28 Oct 2014	12 May 2015	7 May 2015			
7	8 Dec 2014					
8	19 Jan 2014					
9	29 Jan 2014					
10	1 Apr 2015					
11	18 May 2015					
Total	**11**	**6**	**6**	**4**	**3**	**2**

Attendance registers are kept and updated on the disclosure and declaration of interests of Directors and Senior Management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation.

The Board

Governance Structure

JPC BOARD

Executive Directors

- Ms HM Botes (Chief Executive Officer)
- Mr IM Bhamjee (Chief Financial Officer)

Independent Non-Executive Directors

- Mr A Mabizela (Chairperson)
- Pastor MC Kai
- Dr N Mabuya
- Mr MM Morojele
- Prof AN Nevhutanda
- Mr FD Ntombela
- Mr MJ Rabodila
- Mr T Hickman
- Ms PP Msweli

↓

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

Mr T Hickman (Chairperson)
Dr N Mabuya
Mr V Mokwena
Mr G Mufana
Mr Y Gordhan

REMUNERATION AND HUMAN RESOURCES COMMITTEE (REMCO)

Mr MJ Rabodila (Chairperson)
Prof AN Nevhutanda
Mr FD Ntombela
Pastor MC Kai
Dr N Mabuya

TRANSACTIONS AND SERVICE DELIVERY COMMITTEE

Prof AN Nevhutanda (Chairperson)
Mr MJ Rabodila
Mr FD Ntombela
Mr MM Morojele
Ms PP Msweli
Pastor MC Kai
Dr N Mabuya

SOCIAL AND ETHICS COMMITTEE

Mr MM Morojele (Chairperson)
Mr T Hickman
Pastor MC Kai
Dr N Mabuya

TRANSFORMATION COMMITTEE

Mr FD Ntombela (Chairperson)
Mr MJ Rabodila
Ms PP Msweli
Mr T Hickman
Pastor MC Kai

The Board continued

JPC's Annual General Meeting took place on 3 February 2015, when a new Board was appointed. The table below indicates the Board members as at 30 June 2015.

HELEN BOTES
(Chief Executive Officer)
Executive Director

Expertise and experience

Ms Helen Botes brings expertise and experience in treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ, economic development, property development and management.

Qualifications

Diploma in Treasury Management and Executive Leadership Development Programme

IMRAAN BHAMJEE
(Chief Financial Officer)
Executive Director

Expertise and experience

Financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications

BCompt Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA

ANDILE MABIZELA
(Chairperson)
Non-Executive Director

Expertise and experience

A lawyer with an economics background, Andile Mabizela has worked in financial services (HSBC Corporate Finance and Stanlib Asset Management). He has also been involved in commercial executive roles in logistics and transport at SAA and Afrilog South Africa, where he is a director responsible for new markets. He has served on several parastatals and corporate Boards.

Qualifications

BSc (Economics) (Hons) University of Zimbabwe; LLB (University of Natal – Pmb)

DR NOMONDE MABUYA
Non-Executive Director

Expertise and experience

Dr Nomonde M Mabuya, serves as a Non-Executive Director of Thebe Investment Corporation (Pty) Ltd and serves as a Non-Executive Director and Chairperson on a number of Boards. She serves as a Founding Member at Precious Prospects Group. She has many years of experience in the field of medicine, working extensively as a consultant in health and safety. Dr Mabuya became an Occupational Health and Safety Consultant for a number of large corporations and unlisted companies, including Vodacom, Deloitte, Standard Bank of SA, Telkom and the South African Reserve Bank.

Qualifications

BSc Med; MBA (cum laude) and Hons Aero Space Medicine

PROFESSOR ALFRED NEVHUTANDA
Non-Executive Director

Expertise and experience

Professor Nevhutanda is a Professor of Environmental Sciences from the Eco Energy Academy in Azerbaijan. He has participated in various structures of both the public and private sector, including being the current chairperson of the National Lotteries Board, former Convenor of the Social Transformation Committee of the Limpopo Province and Board member of the Institute of Directors (SA) and the International Aviation Services Council of the National Department of Transport (SA).

Qualifications

Professor of Environmental Sciences (Eco Energy Academy in Azerbaijan); Diploma in Management; MBA (MANCOSA); Masters of Music, Doctor of Music (University of Pretoria); Masters in Education, Doctor of Education (UNISA)

MOEKETSI RABODILA
Non-Executive Director

Expertise and experience
Mr Moeketsi Rabodila is the former Municipal Manager of Merafong City Local Municipality as well as the former Director-General of Mpumalanga Provincial Government. He has strong executive management experience with a track record of success in both the Public and Private Sector. He is strategically oriented and has an ability to initiate, integrate and implement complex programmes for the attainment of business objectives.

Qualifications
Bachelor of Arts and MBA

PHUMELELE MSWELI
Non-Executive Director

Expertise and experience
Ms Phumelele Msweli is a Real Estate Practitioner with over 15 years' experience in the Built Environment. She has applied her trade in both public and private sectors. She is also a registered Professional Property Valuer and a Master Practitioner in Real Estate.

Qualifications
BSc (Hons) Applied Biology and MSc. Real Estate

MPHETI MOROJELE
Non-Executive Director

Expertise and experience
Mr Mphethi Morojele is the owner and founder of MMA Architects, an award winning design studio based in Johannesburg. He was previously appointed as a lecturer and studio master at the University of the Witwatersrand. He has extensive experience in both the private and public sector. He is the past president of the Gauteng Institute of Architects. He has won a SAPOA award for innovative Excellence in Property Development and numerous other awards.

Qualifications
Bachelor of Architecture (UCT) and Master of Science in Architecture

FLOYD NTOMBELA
Non-Executive Director

Expertise and experience
Mr Floyd Ntombela is the National Head of Business Development and Client Liaison at NBC Holdings. He is passionate and has extensive experience in the field of retirement funds. Mr Ntombela has a high level of management experience and a great appreciation of strategy development and implementation.

Qualifications
Bachelor of Arts; Certificate of Proficiency: Basics of Retirement Funds; Certificate in Insurance Business Leadership; Post Graduate Diploma in Retirement Funds Management and Insurance Assessor Training

THOMAS HICKMAN
Non-Executive Director

Expertise and experience
Thomas Hickman is a Chartered Accountant (CA (SA) and an MBA graduate of the University of Stellenbosch. He is the former Managing Director of Pep Manufacturing (Pty) Ltd and former Managing Director of the Colibri Group of companies. He is an experienced financial and strategic leader with a passion for turning struggling entities into successful groups.

Qualifications
CA(SA), MBA

PASTOR M CENIVA KAI
Non-Executive Director

Expertise and experience
Pastor M Ceniva Kai is an inspirational speaker, facilitator and assessor. He is the former Managing Director of Karabo Media.

Qualifications
Certificate in Leadership and a Diploma in Ministerial Training

Board Committees

The following committees have been formed, each of which is chaired by a Non-Executive Director:
- Audit and Risk Committee;
- Transactions and Service Delivery Committee;
- Remuneration and Human Resource Committee;
- Social and Ethics Committee; and
- Transformation Committee.

Audit and Risk Committee

The Audit and Risk Committee meeting consists of Non-Executive Directors:
- Mr T Hickman (Chairperson)
- Dr N Mabuya
- Mr V Mokwena
- Mr G Mufana
- Mr Y Gordhan

Members of the committee are independent and are not involved in the day-to-day management of the Company's business.

The shareholder is responsible for electing the members of the Audit and Risk Committee meeting at each AGM. These committee members are required to collectively have an understanding of, amongst other things, integrated reporting, which includes financial reporting as well as the International Financial Reporting Standards (IFRS), South African Generally Accepted Accounting Practice (GAAP), Global Reporting Initiative (GRI) guidelines and any other financial or sustainability reporting standards, regulations or guidelines applicable to the Company.

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Audit and Risk Committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The Audit and Risk Committee provides assistance to the Board with regard to:
- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

In addition to addressing the responsibilities prescribed by legislation (MFMA, Companies Act No. 71 of 2008), the Audit and Risk Committee operates in accordance with Board approved written terms of reference which address the committee's key recurring responsibilities as well as its responsibility over significant transactions and unusual events.

The Committee has been delegated the task of overseeing 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.

The Committee met six times during the year under review. The Audit and Risk Committee also periodically met privately with management, as well as with the external and internal auditors without management being present.

Transactions and Service Delivery Committee

The Transactions and Service Delivery consists of the following Non-Executive Directors:

- Prof AN Nevhutanda (Chairperson)
- Mr MJ Rabodila
- Mr FD Ntombela
- Mr MM Morojele
- Ms PP Msweli
- Pastor MC Kai
- Dr N Mabuya

All property transactions are considered by the Transactions and Service Delivery Committee, which then makes recommendations to the Board or the Shareholder. The Committee has delegated powers from the Board to deal effectively with certain operational issues relating to the Property Portfolio of the Shareholder and operates within its Terms and Reference as approved by the Board.

The Committee met four times during the period under review. Details of Directors' attendance at the Transactions and Service Delivery Committee meetings are set out in Chapter 5.

Remuneration and Human Resource Committee

The Remuneration and Human Resource Committee consist of the following Non-Executive Directors:

- Mr MJ Rabodila (Chairperson)
- Prof AN Nevhutanda
- Mr FD Ntombela
- Pastor MC Kai
- Dr N Mabuya

The Remuneration Committee advises the Board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the Board on matters relating to *inter alia*, general stall policy remuneration, profit bonuses, executive remuneration, director's remuneration and fees, service contracts, share purchase and option schemes, and retirement funds. The independent professional advisors advise the committee. The Committee met six times during the year under review.

Social and Ethics Committee

The Social and Ethics Committee consists of the following Non-Executive Directors:

- Mr MM Morojele (Chairperson)
- Mr T Hickman
- Pastor MC Kai
- Dr N Mabuya

The purpose of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the social and economic development, including the Company's standing in terms of the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws and labour and employment.

The Committee met three times in the period under review, which are two meetings more than prescribed in terms of the Committee Terms of Reference. Details of Directors' attendance at the Social and Ethics Committee are set out in Chapter 5.

Board Committees continued

Transformation Committee

The Transformation Committee consists of the following Non-Executive Directors:

- Mr FD Ntombela (Chairperson)
- Mr MJ Rabodila
- Ms PP Msweli
- Mr T Hickman
- Pastor C Kai

The purpose of the Committee is to:

- produce ground breaking intervention in transformative programmes led by the JPC;
- ensure the alignment of transformation with the proposed JPC Corporate Strategy;
- define how JPC will transform the property industry;
- develop the Transformation Policy, Strategy and Implementation Plan; and
- support the Transformation Strategic Framework through monitoring the development of detailed plans that ensure that every department within the Company delivers on transformation.

The Committee met two times for the period under review. Details of Directors' attendance of the Transformation Committee are set out in Chapter 5.

Director's Remuneration

Entity's remuneration policy

The directors of the JPC Board are appropriately rewarded for their valuable contribution to the Company. In line with King III the remuneration committee governs the remuneration process and recommends amounts to be paid to the Board.

As required by the Companies Act and other applicable municipal laws, directors' remuneration is approved by the shareholder.

Non-Executive Director fees comprise a base and an attendance fee component.

		Directors' Payments			
Name of Director	**Meetings attended**	**Emoluments**	**Meetings attended as at 30 June 2015 (%)**	**Retainer charge relating to 2014 – 2015**	**Total**
Mr A Mabizela	18	188 976.00	87	45 626.00	234 602.00
Mr T Hickman	19	125 942.00	86	22 816.00	148 758.00
Mr J Mabaso	17	84 078.00	94	13 309.33	97 387.33
Prof AN Nevhutanda	18	90 283.00	90	22 816.00	113 099.00
Mr N Rau	11	52 582.00	55	–	52 582.00
Ms PP Msweli	18	86 020.00	89	22 816.00	108 836.00
Mr MJ Rabodila	25	137 749.00	92	22 816.00	160 565.00
Mr FD Ntombela	28	140 491.00	100	22 816.00	163 307.00
Mr MM Morojele	16	80 113.00	79	22 816.00	102 929.00
Dr D Sekhukhune	–	–		19 840.00	19 840.00
Ms S Childs	–	–		19 840.00	19 840.00
Pastor MC Kai	7	36 514.00	100	9 506.67	46 020.67
Dr N Mabuya	6	30 810.00	100	9 506.67	40 316.67
Ms B Lombard	3	12 900.00		–	12 900.00
Total		**1 066 458.00**		**254 524.67**	**1 320 982.67**

Independent Audit Committee Members' Remuneration

		Directors' Payments			
Name of Director	Meetings attended	Emoluments	Meetings attended as at 30 June 2015 (%)	Retainer charge relating to 2014 – 2015	Total
Mr V Mokoena	7	36 208.00	71%	22 816.00	59 024.00
Ms T Molala	6	30 504.00	83%	13 309.33	43 813.33
Mr G Mufana	6	26 288.00	71%	22 816.00	49 104.00
Mr Y Gordhan	1	5 704.00	100%	9 506.67	15 210.67
Total		**98 704.00**		**68 448.00**	**167 152.00**

Senior Management Remuneration

Employee No	Name	Basic salary ytd	Travel allowance	Leave pay	Settlement pay	Performance bonus	Acting allowance	Company contributions	Total
196	Ms HM Botes	1 219 200.72	249 999.96	269 838.39	–	290 563.79	–	22 648.34	2 052 251.20
247	Mr IM Bhamjee	1 042 639.04	96 000.00	–	–	149 098.10	–	243 231.54	1 530 968.68
601	Mr SZ Mntungwa	1 107 645.96	–	–	–	110 982.41	–	261 479.86	1 480 108.23
158	Ms ES Pedro	646 535.12	–	59 670.98	–	127 139.60	–	159 116.33	992 462.03
212	Mrs KQ Muthwa	606 646.74	–	154 971.07	–	136 337.87	–	153 926.70	1 051 882.38
268	Ms V Morgan	903 598.32	–	–	–	118 460.30	79 297.69	212 166.47	1 313 522.78
545	Mr F Sardianos	1 057 778.76	–	–	–	138 673.11	–	251 502.18	1 447 954.05
MTC064	Mr MJ Mashele	534 996.21	–	49 376.67	917 136.40	–	–	124 358.15	1 625 867.43
FMM	Mr B Gowrie-Sunker	811 297.24	–	57 493.44	–	111 793.92	92 916.00	232 325.14	1 305 825.74
Total		**7 930 338.11**	**345 999.96**	**591 350.55**	**917 136.40**	**1 183 049.10**	**172 213.69**	**1 660 754.71**	**12 800 842.52**

Executive and Senior Management

During the period under review, the following individuals constituted the management team under the leadership of the Chief Executive Officer.

STHEMBISO MNTUNGWA

Executive Manager: Property Development

Expertise and experience

New business opportunities, innovative finance structuring skills, knowledge of property portfolio of various municipalities and stakeholder liaison.

Qualifications

Bachelor of Commerce; Postgraduate Diploma in Business Management; Property Development Programme (PDP)

FANIS SARDIANOS

Executive Manager: Property Management: Acquisitions, Social and Municipal Portfolios

Expertise and experience

Member of the task team that established the JPC, implemented JPC's client service and applications system, strategic and operational property management planning and support, monitoring and reporting of performance management, co-ordination and monitoring of strategic projects and implementation of operational plans, development, monitoring and reporting on budget.

Qualifications

IAC (Institute of Administration and Commerce – Local Government); IMFO (Institute of Municipal Finance Officers); BMA (Board for Municipal Accountants)

VERUSHA MORGAN

Executive Manager: Property Asset Management (Acting), Compliance Officer and Company Secretary

Expertise and experience

Legal advice, wide-ranging experience in corporate governance, compliance, the legal field, executive management, property asset management and local government, member of IODSA and Compliance Institute.

Qualifications

MBA; LLB (Hons); Admitted Attorney; Management Advancement Programme; Immovable Asset Management Programme; National Treasury Training

MUSAH MAKHUNGA

Executive Manager: Strategic Support (Acting)

Expertise and experience

Business plan development, implementing corporate strategy, strategic and operational risk assessment, reporting and disclosure, management of transformation initiatives, company-wide monitoring and evaluation.

Qualifications

BCom (Hons); SA Government Procurement and Law Practice; IFRS; PFM; MFMA

JAY SUNKER

Executive Manager: Facilities Management

Expertise and Experience

25 years of local government experience, 15 years in facilities management.

Qualifications

Kwa-Zulu Natal Local Government Executive Leadership Development Programme

TSHEPO MOKATAKA

Senior Manager: Legal

Expertise and experience

Admitted Attorney of the High Court of South Africa, providing strategic legal advice, operational transitional compliance, vetting strategic agreements and legal documentation, managing legal advisors, managing legal risks, managing the legal budget, legal depts budget, deputy information officer, conducting internal investigations of alleged fraud and corruption.

Qualifications

BA; LLB; Post Graduate Certificate in Provincial and Local Government Law; Postgraduate Diploma in Labour Law

Resigned: Ellenise Pedro, Kululwa Muthwa, Mzela Justice Mashele

Company Secretarial Function

The Company Secretary is an independent, competent, qualified and experienced individual who has proven competencies and experience in the relevant laws. The Company Secretary's performance is assessed by the Board as part of its annual performance assessment process.

The Company Secretary provides appropriate guidance, advice, orientation, induction and training to directors and public officers on their roles, duties and responsibilities and ensures compliance with laws in the interests of good governance. All Directors have access to the advice and services of the Company Secretary and external legal advice as and when required.

During the year under review, the role of the Company Secretary was combined with the Compliance function of the JPC.

Some of the key responsibilities included:

- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Preparing and/or reviewing the shareholder compact; delegations of authority; terms of reference of the Board and Board committees; work plan and schedules as well as the agenda for Board and committee meetings in conjunction with the chairperson; and
- Maintaining statutory records, registers, minute books and related documents.

Risk Management and Internal Controls

Effective risk management is integral to the Company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the financial statements as set out in Chapter 5.

In order to meet its responsibility of providing reliable financial information, JPC maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisational structure, visions of responsibility and established policies and procedures, including a code of ethics to foster a strong ethical climate. These aspects are communicated to the parent municipality. The entity also carefully selects, trains and develops its Employees in this regard.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to Management and the Board of Directors. Corrective action is taken to address control deficiencies and other opportunities for improving the system as they are defined. The Board, operating through its Audit and Risk Committee, provides supervision of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. There are no undue, unexpected or unusual risks to be disclosed in the reporting period.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A documented and tested business continuity plan exists to ensure the continuity of business-critical activities. JPC assessed its internal control systems as at 30 June 2015 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual.

Risk Management and Internal Controls continued

The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the Company believes that, as at 30 June 2015, its system of internal control over financial reporting and the safeguarding of assets against unauthorised acquisitions, use or disposition met that criteria.

Internal Audit Function

The Company appointed Nexia SAB & T as its internal auditors for a period of three years. This service provider successfully rolled out the annual internal audit plan for the financial year under review and the internal auditors carried out the audits in line with the approved internal audit plan.

The table below indicates the outcome of the preliminary assessment of audited activities of the 2014/2015 auditable areas:

No.	Audit area	Conclusion on internal control
1.	Anti-Fraud and Corruption	Partially Adequate and Partially Effective
2.	Property Management	Adequate and Partially Effective
3.	Audit of Pre-determined Objectives (Q1)	Adequate and Partially Effective
4.	Audit of Pre-determined Objectives (Q2)	Adequate and Partially Effective
5.	Finance	Adequate and Effective
6.	Revenue	Adequate and Effective
7.	Verification of Compliance Risk Report	Adequate and Effective
8.	Audit of Pre-determined Objectives (Q3)	Adequate and Effective
9.	Contract Management	Adequate and Effective
10.	Human Resources and Payroll	Adequate and Effective
11.	Supply Chain Management/Procurement	Adequate and Effective

The overall internal control environment assessment was found to be adequate and effective for the current financial year.

Internal audit's role is that of an objective and independent value-adding assurance provider that embraces a risk based audit approach in line with the King III Report. The Internal Audit function is also accountable to the Audit and Risk Committee. The Committee has periodic meetings with internal audit in management's absence.

Resolving Auditor-General's Findings

The AG recently finalised their 2014/15 Audit, in which two issues were raised and subsequently resolved by Management. All the previous findings raised by AG with respect to prior audit periods were also resolved.

Corporate Ethics and Organisational Integrity

JPC wishes to contribute to sustainable social development and responsible business practices. JPC has defined a set of basic corporate values, ethical guidelines and corporate social responsibilities principles for the entity to achieve this. The ethical guidelines and other policy documents of JPC have been drafted on the basis of these basic corporate values.

In the circumstances, the ethics risk profile was conducted in July 2014 with the intention of identifying the ethical risks for the organisation and coming up with practical mitigation measures for abating these risks. The results of the ethics risk profile were used for purposes of compiling a comprehensive ethics management plan. The plan was also reviewed as part of the consolidation process.

Sustainability Report

Environmental issues

Tree Planting – Orlando eKhaya Waterfront Park Development

The park will provide a vibrant, environmentally and culturally rich environment, which will establish Orlando eKhaya as a destination for local and international visitors. The park will consolidate existing investments and serve as a catalyst for new investments into the precinct. The tree planting event was attended at the Orlando eKhaya Waterfront Park Development on 10 October 2014 by the Orlando eKhaya Steering Committee comprising the developers, Ward Councillors and JPC officials.

Health and safety

JPC performs Facilities Management for the CoJ and as a result issues of public safety are high on the organisation's priority list. The Committee monitored the OHASA reports detailing the conditions of the public facilities under the management of JPC. The Committee considered some of the challenges faced by the Company in so far as implementing its Facilities Management plans are concerned.

Corporate Social Responsibility Report

The Company's Corporate Social Investment Philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The policy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered.

The Non-Governmental Organisations are a major national initiative through which business and government have joined hands to support the following strategic interventions:

- Health care initiatives;
- Education;
- Skills training and job creation; and
- Small business development.

Anti-Corruption and Fraud

JPC subscribes to the letter and spirit of the Prevention and Combating of Corrupt Activities Act and as such has adopted a zero tolerance approach to fraud and anti-corruption. JPC has established a Fraud and Corruption Committee (FRACC) comprising six members tasked with advising on and launching investigations into allegations of breaches of the Anti-Fraud, Corruption and Associated Irregularities Policy (Fraud Policy), principles of ethics, laws and regulations and all relevant policies, which have been reported to JPC, either through the City's Group Fraud Hotline or other means. Reports are received from the City's Fraud Hotline service provider on a regular basis. Incidents of fraud are investigated by FRACC feedback is constantly provided to the Audit and Risk Committee and the Board. All fraud cases are further disclosed to the City as one of the Company's key stakeholders.

ICT Governance

King III and ISO 38500 recommend that ICT should be governed and managed at a political leadership and executive management level. This ensures that the delivery of ICT services are aligned with the Company's strategic goals.

ISO 38500 is an international standard for the corporate governance of ICT, which provides a framework of principles for the executive authority and Management to govern and manage ICT.

The corporate governance of ICT is a continuous function that is embedded in all operations of the JPC, from executive authority and management level to business and ICT service delivery. JPC's executive authority and Management need to extend corporate governance to ICT, providing the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms, controls and ethical culture.

A comprehensive CoJ ICT Governance Maturity Assessment was conducted and results indicated serious paucities in relation to compliance with the following leading ICT frameworks, standards and guidelines:

- Control Objectives for Information and related Technology (COBIT);
- Information Technology Infrastructure Library (ITIL); and
- King lll.

JPC acknowledges ICT as a strategic asset, which forms an integral part of the delivery of its strategic business objectives. JPC's commitment to sound ICT governance is supported by ongoing efforts and activities to embed the King III Code of Governance Principles and recommendations. The focus in ICT governance is the establishment of various responsibilities, processes and supporting governance structures. The Company appointed an experienced IT professional to lead the IT business unit. The Company endeavours to align its ICT resources and structures with performance and sustainability objectives. Following JPC's merger with the FMM and MTC the Company needs to focus on developing a sound ICT Governance Framework for the integrated Company to ensure its overall vision and strategy is attainable. It is essential that the framework is comprehensive, providing and addressing both demand and supply of the ICT Governance imperatives. The main objective of this framework is to ensure that ICT goals and investments are aligned to the JPC's business objectives and also supports the City's business objectives as outlined in the GDS 2040 and its overall transformation agenda.

JPC's ICT Governance approach is founded on the following set of principles:

- Establish clearly understood responsibilities for ICT;
- Plan ICT to best support the needs of the Company;
- Acquire ICT validly. Ensure that ICT acquisitions are made for the right reasons in the right way, on the basis of appropriate and ongoing analysis;
- Ensure ICT performs well whenever required;
- Ensure ICT conforms to all external regulations and complies with all external regulations and internal policies and practices; and

- Ensure ICT use recognises and respects human factors. ICT must meet the current and evolving needs of all of the people in the process. In addition, the City Management acknowledges that to become a high performing Local Government Entity, JPC needs to enforce rigorous ICT Governance to:
  - Ensure that the business and ICT stakeholders are driving towards the same strategic objectives of the City;
  - Establish reliable financial and performance processes and metrics enabled by relevant IT systems and applications that support business decision making;
  - Actively manage the ICT Portfolio against business benefits and ensuring that the ICT budgets are a collaborative exercise between the business and ICT stakeholders;
  - Optimise the City's existing ICT functions in order to obtain "true" value from ICT investments;
  - Seek continuous improvement around the use of ICT in the JPC; and
  - Ensure compliance with the ICT Regulatory Frameworks and Legislation. Oversight of the entity's ICT function was delegated to the ARC and the Committee kept this item as a standing Agenda item in the year under review. The Board will monitor and evaluate the entity's IT investments and expenditure taking into account the best interest of the entity.

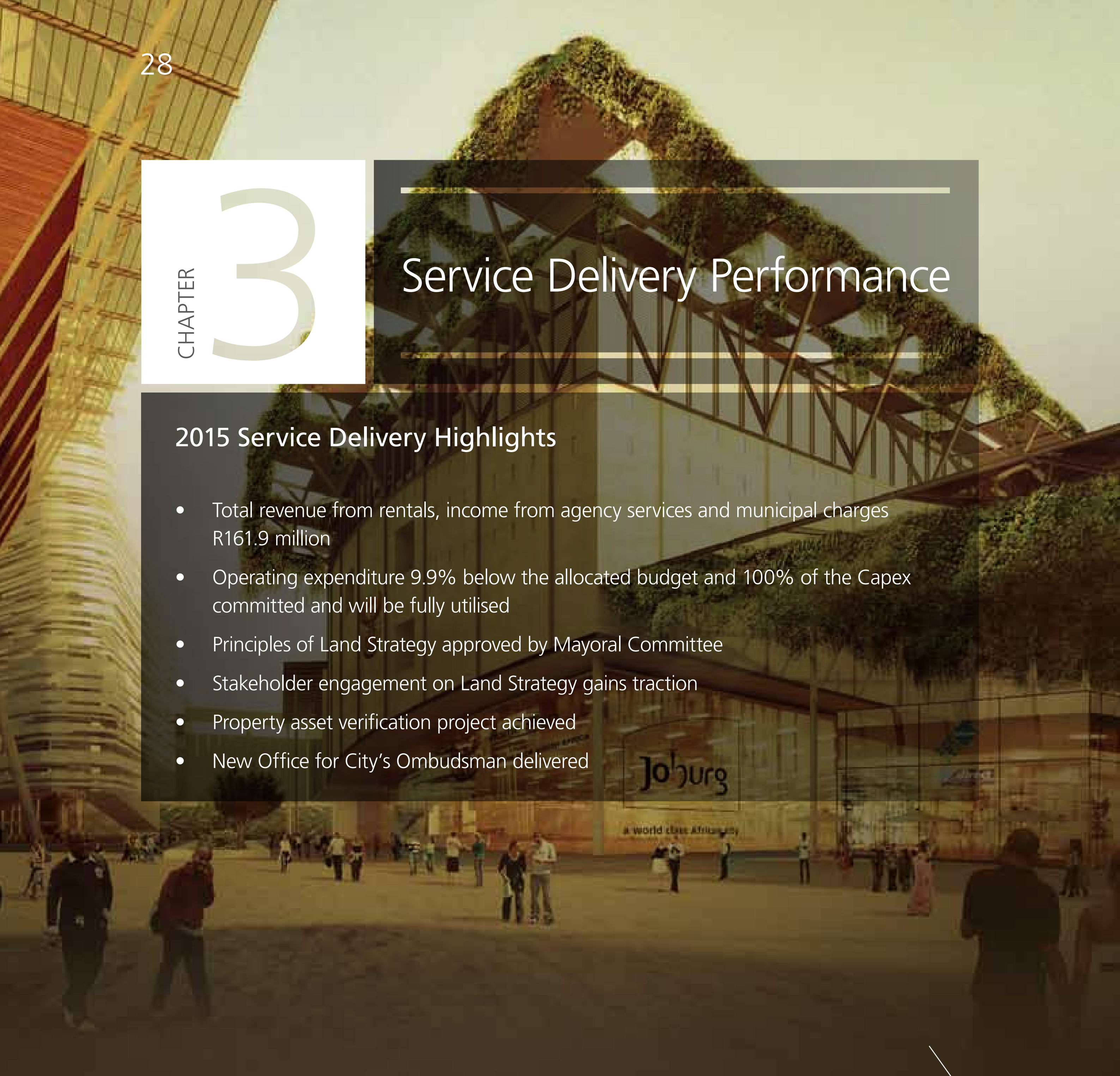
Supply Chain Management and Black Economic Empowerment

The Supply Chain Management Policy for goods and services for JPC was approved by the Board. It is aligned with the City's Group Supply Chain Management Policy as well as the Municipal Finance Management Act and its Regulations, and the National Treasury Guidelines and Practice Notices. Supply Chain Management Committees such as Bid Specification and Evaluation and Adjudication Committees are fully functional and operate within the framework of the Supply Chain Management Policy, Municipal Finance Management Act and Regulations. In the year under review Supply Chain Management has accelerated transformation. In addition contracts were awarded to co-operatives who comprise communities and women.

In the 2014/2015 financial year the Company recorded the following expenditures:

B-BBEE Spent as a percentage of the CoJ Portfolio
2014/2015 financial year

	Q1	Q2	Q3	Q4
Total BEE spend	69%	76%	73%	86%



CHAPTER 3

Service Delivery Performance

2015 Service Delivery Highlights

- Total revenue from rentals, income from agency services and municipal charges R161.9 million
- Operating expenditure 9.9% below the allocated budget and 100% of the Capex committed and will be fully utilised
- Principles of Land Strategy approved by Mayoral Committee
- Stakeholder engagement on Land Strategy gains traction
- Property asset verification project achieved
- New Office for City's Ombudsman delivered

CoJ Regional offices with Government Department and Mixed-Use development concept design.

Core Business

JPC is a dynamic, visionary property Company mandated to manage and develop the CoJ's R8.6 billion property portfolio. As a promoter of innovative solutions to the development challenges of contemporary Johannesburg, JPC utilises council-owned land assets to leverage private sector investment in public infrastructure. JPC's core business is to manage the property assets of the CoJ, maximising the social, economic and financial value of the CoJ's property portfolio, and enhancing the efficiency of its use. The Company's overarching mandate is to support the achievement of the CoJ's strategic priorities, including economic and social development, and the service delivery objectives.

Day-to-day Operations

JPC provides the following services for CoJ's property portfolio:

- Property Development;
- Property Management;
- Facilities Management which includes Informal Trading and Public Transport;
- Asset Management; and
- All ancillary services related to the above.

Highlights and Achievements

Asset Management

Land Strategy

Implementation of the Land Strategy is underway. During the year, a process of stakeholder engagement was initiated with representatives of various CoJ departments and MOEs, which comprise JPC's tenant base. The aim is to gain an in-depth understanding of their service delivery objectives and ascertain their land requirements as well as their future plans, which support these objectives. Stakeholder consultations were held with Johannesburg Social Housing Company, Development Planning, Johannesburg City Parks and Zoo, Health Department, Transportation Department, Environment and Infrastructure Services, Johannesburg Development Agency, Community Development and City Power.

Physical Verification of CoJ Properties

The physical verification of immovable assets is an ongoing strategic approach, underpinning the Land Strategy, that seeks to optimise land as a vital resource in achieving the City's objectives. This is key to Asset Management, as it provides a fundamental understanding of assets at different strategic levels, including the current use, condition, remaining life span and the lifecycle as well as the optimal use.

29 742 Properties were inspected and uploaded, representing the entire CoJ property portfolio at the time the project was undertaken.

Representatives of the Extended Public Works Programme (EPWP) who visited the field agents on site to assess progress were impressed with the innovation that JPC has brought to the project. In addition they commended the experience and practical work enhancement the project has created for field verification agents. The project utilises various tools, notably, in the automated phase, the recently completed JPC Arc Viewer geodatabase and reporting tool. The geodatabase is a live tool linked to the site inspection device. All data captured in the field is uploaded in real time. It is tailored to provide conclusive field data in a manner that is responsive to users. The scale of this asset project has brought the expertise of built environment specialists and university graduates under one roof.

Highlights and Achievements continued

Physical verification of the CoJ portfolio will ensure that going forward, strategic decisions regarding the portfolio are based on accurate and conclusive information. The data attained from the physical verification is crucial to implementing an insightful and conclusive Land Strategy and Asset Management Plan.

"The device will assist us to capture everything and anything related to our properties. This will guide our thinking and ultimately shape the way forward." – Koleka Nolutshungu

Land Regularisation Programme

JPC anticipated it would transfer 13 000 properties in the 2014/15 financial year. However, as a result of challenges relating to Township Establishment that impeded the Company's ability to transfer title for identified properties, transfer of only 3 065 properties was achieved. To address this JPC has engaged with the Department of Housing to assist in expediting the process. There are a number of properties that will be transferred in the 2015/2016 financial year, of which the bulk of the preparation was completed in the reporting period.

The identification of 12 803 properties under the Land Regularisation Programme saw the transfer/lease of 3 065 properties in various areas.

In collaboration with CoJ Housing and the Provincial Department of Human Settlement, the Land Regularisation Programme has managed to formalise the households occupational rights into full ownership rights in the following areas:

- Ivory Park;
- Eldorado Park and Westbury: Sectional Titles;
- Soweto;
- Orange Farm;
- Property identification and determination of entitlement;
- Drieziek Extension 5; and
- Jabulani Flats Sectional Titles.

Facilities Management

JPC Delivers New Office for City's Ombudsman

JPC was honoured to be appointed to source and secure suitable accommodation for the City's first Ombudsman in April 2015. This appointment proved to be challenging for the Facilities Management Space Management team who worked tirelessly to secure a lease for the Ombudsman's offices and subsequently fitted it out to meet a tight deadline for an official opening by the Executive Mayor of the City on 1 July 2015.

The offices were fitted with the latest in décor and furniture, including well set out Boardrooms and collaboration areas as well as smart Boardrooms with video conferencing facilities, a concept that will be applied to all space engineering programmes in the future. The choice of finishes installed, gives the look and feel of an environment befitting the function of an Ombudsman. The Ombudsman and the Office of the Executive Mayor, among others, have given complimentary feedback on the efforts of the team.

As a result of the project, JPC directly contributed R2.5 million to the economy and created 25 short-term jobs through Black Economic Empowerment (BEE) contractors.

Informal Economy and Public Transport Facilities

JPC has internally interrogated the processes, policies and standards utilised in the past to manage the informal economy, which is beset by many challenges. The primary challenge in the past has been the constant unilateral change in mandate over the years. JPC is of the firm view, which is supported by the CoJ, that the focal areas should be on Property and Facilities Management and the non-core functions associated with informal trading and/or taxi operators should be taken back to the relevant department.

In this regard, significant progress has been made in the inner city in ensuring that there is order and that the legal stakeholders are able to utilise the services provided by the City. JPC strongly believes that street trading falls within its mandate even though this is neither a property nor facility but should be treated as an encroachment. Linear markets on the other hand fall within the ambit of the property mandate. Within the inner city, the need for ablution facilities in strategically placed areas has been identified to reduce the burden on the current facilities and to ensure that stakeholders have access to water and ablution in and around the inner city.

Linear markets will be retained by JPC and will be subject to a different management model yet to be confirmed. A condition assessment has been conducted in order to ensure that these facilities have minimum running water, public conveniences and electricity (where cooking takes place). The intention is for all cooking to be removed from the streets. However, this is dependent on the acquisition of buildings, which is currently in the infancy stages.

With regard to the broader trading activities within the jurisdiction of the CoJ there is growing dissent amongst facility users who are intent on self-managing. This has been an issue where the services (cleaning and security) have been taken over by JPC at four facilities – Metro Mall, Baragwanath, Midrand and Yeoville. JPC chose not to engage and cause further dissent but focused rather on finding a long-term solution to the management of trading facilities.

Highlights and Achievements continued

The challenges faced on a daily basis have been interrogated and meetings were held with critical stakeholders over a period of time to understand the context, politics and realities of informal trading and taxi operator challenges to find a mechanism to meet all stakeholder needs and expectations.

Department of Economic Development (DED)

JPC has engaged with DED, on various occasions, to clarify the roles and responsibilities to ensure that the informal economy is managed efficiently and will meet service delivery objectives and GDS 2040 outcomes.

DED will retain the policy mandate and as such, advise JPC of allocations policies and criteria, rental, tenant mix and the economic outcomes expected at a strategic level. All stakeholder engagements, demarcations and development will be the sole mandate of DED which will advise JPC of the defects/challenges within the facilities to be remedied to ensure adequate trading conditions for all stakeholders.

Transport Department

A joint report from JPC and the Transport Department was tabled at the Mayoral Committee in November 2014 and a task team set up to interrogate the appropriate methodology and approach to management of public transport facilities. In this regard, an expression of interest has been advertised in order to seek input towards the appropriate models for public transport facilities.

It is intended that Transport will be responsible for stakeholder engagements with taxi associations, allocations criteria, tariffs (if any) and development of operators. Transport would advise JPC of the deficiencies in the facilities which must be remedied. As is the case for Economic Development, JPC will invoice Transport for the overall turnkey management including a management fee which is still to be negotiated.

Trading Facilities: Current Arrangements

JPC is mandated to manage the formal and informal trading sector (informal traders, entry level retailers and hawkers) including local and long-distance public transport operators, namely taxi ranks (which include provision of loading and holding space for taxi operators) and non-municipal bus operators for both local and cross-border bus operations in the City's public transport facilities (taxi ranks). It also actively facilitates public transport operators and traders in and around the CoJ jurisdiction.

Of the trading facilities within Johannesburg there are five management categories consisting of:
1. JPC managed;
2. CoJ (Transportation or Economic Development Department managed);
3. CoJ outsourced;
4. Privately owned and managed; and
5. Illegal.

JPC manages 32 facilities with a further 29 unmanaged facilities which fall into four categories:
- Malls;
- Public Transport Facilities;
- Markets; and
- Linear Markets.

Property Management

In the year under review, the Social Department has undertaken various initiatives within the respective quarters to package properties for tender so as to maximise the social property portfolio to the benefit of the community. A total of 23 properties were released for tender.

Making these properties available will facilitate utilising the City's social property resource for the benefit and interest of local communities while stimulating job creation and supporting Small, Medium and Micro Enterprises

(SMMEs) in attracting private-sector investment. This contributes towards keeping the City's social property portfolio refurbished and well maintained on the City's property asset base.

2014/2015 Financial Year highlights:
- 51 new Deeds concluded by Municipal, to be included in the Asset Register;
- 21 Deeds in the process of transfer acquired for the Corridors of Freedom initiative;
- 23 properties placed on tender and released in the last two quarters of the financial year;
- 64 SMMEs created; and
- 244 jobs created by the Social Department.

Leases

Alexandra Media Centre

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 4688 Alexandra Ext 14	Media Centre	• Upliftment, education and upskilling of the youth in Alexandria	R5 million

Melrose Estate – Melrose Bowling Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Remainder of Erf 119, Melrose Estate	Educational and Sporting Facilities	• Skills development and sporting facility offering various community development programmes • Positive contribution towards social cohesion in the community	R0.6 million

Orange Farm

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 2896 Orange Farm	Children's Home	• Provide a home for orphans and vulnerable children • Assist poverty-stricken families and children to access state provided services	R1.2 million

Klipfontein

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portion 96 Farm Klipfontein 58 IR	Community Centre, Drug Rehabilitation and Skills Centre	• Create a community facility • Create sustainable jobs and promote social cohesion	R10 million

Highlights and Achievements continued

Langlaagte Farm

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portion 278 of the Farm Langlaagte 224 IQ	Community Facility	• Create a community facility • Provide a place of worship • Develop a feeding scheme for the poor and life skills programmes for the youth	R0.3 million

Pirates Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Ptn 1 and 2 of Erf 1318 Greenside Township	Repair and renovations to building and construction of sporting facilities	• Create an improved community facility which is easy accessible, representative of previously disadvantaged groups and enhances social cohesion	R1.5 million

George Lea Sports Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portion 31 of the Farm Zandfontein 42IR	Sport and Recreation and other Sporting Facilities	• Introduce new sport and creation-related initiatives. • Preservation of the biodiversity of the area	R55.7 million

Craighall

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 24 Craighall	Early Learning Centre and Sports Facility	• Create a community facility for educational purposes • Promote a greener environment	R0.67 million

Protea Sports Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Farm Braamfontein 53 IR Portion 33	Sports Club	• Provide a refurbished sports facility which is well maintained	R1 million

Robertsham

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 1301 Robertsham	Sport and Recreation Multi Sports Facility that will include an outdoor action sports arena for soccer, tennis, basketball, netball	• Community access to a safe and friendly upgraded facility	R0.8 million

Observatory

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 724 Observatory	Multipurpose Sports Facility for aerobics, dancing school, five-a-side courts, soccer, basketball, volleyball, netball	• Enhanced social cohesion for the community of Observatory. • Upgrade of an abandoned community facility	R0.7 million

Riverlea – Little People's Crèche

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 1232 Riverlea Ext.2	Community and Techno Centre	• Upgraded facility which is aligned with legislation and frameworks of the CoJ	R2.2 million

Braamfontein – Jan Celliers Laerskool and Pre-Primary School

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portion of Portion 37 Farm Braamfontein No 53 IR	Tennis Courts and Clubhouse Sport Club	• Provision of secure sporting facilities to school children through lease renewal	R1.3 million

Highlights and Achievements continued

Cosmo City – Perfect Start Ministries

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 3469 Cosmo City Ext. 4	Community Health and Skills Centre	• Establish a health facility which includes a women's clinic, HIV centre, hospice, pharmacy and community skills facility. • Project is linked to the Food Resilience Progammes through development of a food garden and provision of tools to maintain	R15 million

Lehae – Early Childhood Facility and Multipurpose Centre

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 2824 Lehae	Early Childhood Facility and Multipurpose Centre	• Provision of various facilities such as social work services, pre-schooling, educational amenities for older children and other skills training facilities • Job creation for the unemployed residents of the area	R1.8 million

Chiawelo

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 5205 Chiawelo	Community Centre, Drug Rehabilitation and Skills Centre	• Provide a centre to serve the community • Create sustainable jobs • Promote social cohesion	R10 million

Orlando – Early Childhood Development Centre

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 12118	Early Childhood Development Centre	• Provide access to additional refurbished facilities	R1.2 million

Panorama – Panorama Soccer Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Remaining Extent of Portion 2 Farm Panorama 200 IQ	Junior Soccer nets	• Provide a sporting centre focused on soccer and rugby • Promote social cohesion • Stimulate sporting patronage in the community	R0.13 million

Linden – The Irish Club

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Remaining Extent of Erf 556 Linden	Upgrading of tennis courts as well as erection of retaining walls	• Provide a refurbished facility • Repairs and improvements to ensure a user-friendly facility for the community	R0.05 million

North Riding – Society for the Prevention of Cruelty to Animals (SPCA)

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Holding 229 North Riding AH	Upgrading of existing kennel areas	• Upgrade of a much needed facility for the care of animals	R0.14 million

Highlights and Achievements continued

Erf 785 Orlando East – Community Centre, Drug Rehabilitation and Skills Centre

The lease agreement has been concluded with Thlokomelo Home Based Care. The organisation provides skills training related to HIV/AIDS cases including counselling and child care support, providing care and support for the orphans and vulnerable children, promoting healthy lifestyles, hygiene and nutrition. The organisation will also collect medication from the clinics/hospitals on behalf of the bedridden members of the community and link orphans with relevant social systems, e.g. social services. The organisation receives grants from the Gauteng Department of Health; however, their main contribution towards the facility will be the provision of reasonable maintenance and upkeep of the building.

Land Identified for the Food Resilience Programme

The Department of Social Development's Food Resilience Unit has been mandated to eradicate hunger and food insecurity in the CoJ. Amongst other instruments, the City seeks to enable a wider and more diversified urban agriculture sector through a system of Agri-resource centres providing full value-chain support for those seeking to grow their own food for both personal consumption and as a potential livelihood. The programme is one of the Mayoral priorities.

These centres will screen and train potential micro farmers to be placed via lease/usage agreement on City-owned farming land. These micro farms, where feasible, will be clustered into networks accessing common customer-facing systems and transport/warehousing logistics, known as hub and spoke (Empowerment Zone). In addition to the facilitation of micro farms, the City seeks to catalyse the agricultural sector through the release of commercial-scale farming land to the market at substantially reduced cost, conditional upon participation in and contribution towards the City's Food Resilience Programme.

Food Resilience Programme	Social Impact	Economic Impact
• The Department of Social Development (DSD), as a leading coordinator of the City's human development agenda, provides strategic focus within the community development sector as a leading coordinator of the City's human development agenda. • This programme will address poverty while safeguarding and supporting the poor and addressing certain forms of inequality against social exclusion. The programme will provide land for agricultural purposes. • The total proposed investment value of this project is approximately R20 million.	• A range of instruments are used to tackle individual hunger on a day-by-day basis including food vouchers, food parcels, backyard gardens and programmes connecting citizens to income generating activities. • The programme is aimed at providing a sustainable model for empowering communities to grow their own food, stimulating local economic development and facilitating access to the markets.	• Farms will be available to the private sector to lease for various farming projects on condition that they commit to mentor the emerging farmers. • The investment of the identified farm/s should not be below R20 million. • The development investment will also enhance basic infrastructure, encouraging further investment, support of small, medium, micro enterprises and create jobs. • 2 300 jobs will be created through this project.

The following land parcels have been identified for this initiative:

- Portion 14 of the Farm Olifantsvlei 316 IQ measures 6,3ha valued at R0.6 million;
- Portion 51 of the Farm Olifantsvlei 316 IQ measures 1 577m² valued at R0.1 million;
- RE of Portion 19 of the Farm Olifantsvlei 316 IQ measures 4,4ha valued at R0.6 million;

- RE of Portion 2 of the Farm Olifantsvlei 316 measures 1 424ha valued at R64 million;
- Portion 35 of the Farm Olifantsvlei 316 measures 2,5ha valued at R1.1 million;
- Portion 36 of the Farm Olifantsvlei 316 measures 2,5ha valued at R0.4 million;
- RE of Portion 11 of the Farm Olifantsvlei 316 measures 9,4ha valued at R0.7 million;
- Portion 53 of the Farm Olifantsvlei 316 IQ measures 7 398m^2 valued at R0.3 million;
- Portion 20 of the Farm Olifantsvlei 316 IQ measures 1,4ha valued at R0.2 million;
- RE of Portion 40 of the Farm Olifantsvlei 316 IQ measures 2,3ha valued at R0.5 million;
- Portion 16 of the Farm Olifantsvlei 316 IQ measures 4,2ha valued at R0.5 million; and
- RE of Portion 4 of the Farm Misgund 322-IQ 22,3ha valued at R2.1 million.

In order to deliver on this mandate, Portion 130, 136 and 137 of the farm Alewynspoort 145 IR were identified as the potential portions for the commercial farmer who will also provide farming skills and supervision to the fifty emerging farmers which are being allocated fifty hectares “one hectare, one cooperative”. The lease is to endure for 25 years.

Various Use and Maintenance Agreement in Process – Sports and Recreation Directorates

Through the Community Development Department’s mandate, JPC has been requested to make available sports facilities, particular in previously disadvantaged areas and new emerging townships, for the purposes of the sports development as set out in the National Sport and Recreation Plan. The main objective is to promote and support high performance and professional sports to be used by local communities as part of active recreation which further addresses one of the City’s objectives – healthy living.

In placing affiliated sporting groups on the facilities, the department will be investing in the upgrade of the facilities and sports groups will ensure maintenance, job creation and skills development in the operating of the facilities. The following agreements have been sent to the department for signature:

- Erven 593 Newclare;
- Erven 515 and 516 Auckland Park;
- Portions of Erven 548 and 869 Franklin Roosevelt Ext.1;
- RE of Portion 205 Farm Langlaagte 224 IQ; and
- Portions 34 and 45 and 98 Farm Klipfontein 203 IR.

Marginalised Areas Programme

In lieu of a petition received from the community of Pennyville, possible sites suitable for the development of churches in the area were identified, specifically Erven 1264 and 1267 Pennyville. This will progress through the JPC process of consultation to the City departments, entities and ultimately for Council approval for the sale of the properties for religious purposes.

The Pennyville community is in direct need of social amenities as there is not even a social hall currently in that community. The release of the above-mentioned properties would be a step in the right direction in responding to one of the items on the Integrated Development Programme (IDP).

Housing Master Plan

In the first quarter, two properties in the Zandspruit area, valued at R8.2 million, were acquired and transferred to the CoJ as part of the housing master plan of the CoJ. The properties are located strategically in the centre of the new township that will be established in the area. According to the latest lay-out plans of the new township, approximately 1 500 housing units can be built on the property acquired. Due to budget constraints, the Department of Housing of the CoJ is at present not approving any further funding for the finalisation of further acquisitions in the Zandspruit and Princess AH areas until further notice.

Highlights and Achievements continued

The R8 million acquisition of Klipriviersoog Nature Reserve and transfer has been finalised. This property is to be incorporated into the Klipriviersberg Nature Reserve as part of the conservation area. The land was acquired on behalf of Johannesburg City Parks and Zoo.

A mandate has been received from the City's Public Safety Department to acquire the remainder of Erf 365 Martindale. This property is privately owned and leased to JMPD and Emergency Management Services for a number of years. The lease is due for expiry. The owners have indicated their intention to sell, giving the two departments the first right of refusal. A budget of R80 million has been made available towards this acquisition. An offer of R50 million has, in principle, been accepted. JPC is in negotiations with the owner to acquire this property.

The City's Housing Department has further requested JPC to acquire the remainder of Farm Allandale 101 IR. An offer to purchase was drafted, signed and sent to the property owners. An offer of R53 million has been made to the owners. Negotiations are in progress.

Corridors of Freedom

As part of a Mayoral Priority Project, the CoJ has, through the Planning Department, mandated JPC to acquire properties along the Louis Botha, Empire-Perth and Turffontein Corridors. The Planning Department identified and negotiated the acquisition of twenty one properties, in the year under review. A Mayoral approval has been obtained to proceed with the acquisition of these properties, which are at this stage with the appointed conveyances.

Properties Acquired for Corridors during the 2014/2015 Financial Year

Property Description	Status
Erf 19 Orange Grove	In process of transfer
Erf 21 Orange Grove	In process of transfer
Erf 23 Orange Grove	In process of transfer
Erf 24 and 26 Orange Grove	In process of transfer
Erf 28 Orange Grove	In process of transfer
Erf 29 Orange Grove	In process of transfer
Erf 35 Orange Grove	In process of transfer
Erf 36 Orange Grove	In process of transfer
Erf 39 Orange Grove	In process of transfer
Erf 40 Orange Grove	In process of transfer
Erf 42 Orange Grove	In process of transfer
Erf 46 Orange Grove	In process of transfer
Erf 247 Orange Grove	In process of transfer
Erf 249 Orange Grove	In process of transfer
Erf 251 Orange Grove	In process of transfer
253 Orange Grove	In process of transfer
Erf 259 Kenilworth	In process of transfer
Erf 260 Kenilworth	In process of transfer
Erf 261 Kenilworth	In process of transfer
Erf 18 Orange Grove	In process of transfer

Municipal Portfolio

To create an enabling environment for effective service delivery, the Municipal Portfolio has completed the various transfers including transfer of land from the private-sector to the CoJ. Below are some of the highlights:

Types Of Registration	Service Delivery	Impact
• 24 Servitudes for sewer and municipal purposes. • 8 Servitudes for municipal purposes. • 3 Servitudes for right of way and municipal purposes. • 2 Substations and 2 electrical cable servitudes. • 1 Right of way for road widening purposes. • 1 Road and municipal servitude. • 1 Water servitude. • 1 Sewer servitude.	The servitudes are required for the delivery of electricity, water, sanitation, stormwater and roads to address the demand and to provide new infrastructure services to areas that do not have access to such basic services.	Registration is done to ensure that Council's services are protected within the servitude areas as the servitudes give the legal right to the Council to use the servitude areas for its services.
1 Property in Sonneglans Extension 24 in Region B, registered for park purposes.	To ensure that there are adequate public open spaces for the citizens of Johannesburg for their recreation.	Recreational purposes.
5 Notarial ties registered.	To ensure that two or more private properties are tied together to be regarded as one for development purposes.	Developmental purposes.

Highlights and Achievements continued

Municipal Portfolio: City Power Projects July 2014 – June 2015	
Sebenza Substation Project: Portions 96 and 391 of the Farm Zuurfontein 33IR	• The land is being acquired for the construction of City Power's Sebenza Substation. Currently, the portions to be transferred have been surveyed, sub-division of land and consolidation applications were lodged at the Ekurhuleni Council on 18 February 2015. • This project will strengthen and increase the capacity of electrical supply from the Kelvin Power Station in order to meet the increasing demand for electricity. The asset holding of the CoJ will also increase with the additional two properties valued at R11.7 million.
Dalkeith Substation Project	• To implement this project, twenty five servitudes are being acquired for City Power over properties in Honey Park, Sonnedal, Tres Jolie, Wilgespruit and Zandspruit in Region C. The aim of this project is to increase the capacity of electrical supply in the northern Roodepoort area. The development in this area has been stifled over the past few years due to a shortage of electricity supply. • The servitudes have been valued at a total compensation amount of R3.8 million. The negotiations with all affected landowners are in the process of being obtained following which compensation offers for the servitudes will be made to each landowner.
Heriotdale Transmission Lines Project	• Fourteen servitudes are being acquired for City Power over properties in Doornfontein and Rosherville to the south of the Johannesburg CBD in Region F. The aim is to build the new Pennyville substation on one of the properties and to increase the capacity of electrical supply to the Johannesburg CBD. The servitudes have been valued at a total compensation amount of R4.65 million. JPC is currently assisting City Power in the negotiations with the affected landowners following which official compensation offers will be made to each landowner.

Substations Project during the 2014/2015 Financial Year

This project is undertaken to allocate different portions of Council-owned land to City Power for the construction of substations. The following properties currently form part of City Power's priority list:

- Erven 1978 and 1980 Eldorado Park X1 (Eldorado Substation);
- Erven 316 and 748 Kloofendal (Kloofendal Substation);
- Erven 1 Liefde en Vrede X1 (Mulbarton Substation);
- Portion 2RE Olifantsvlei 316IQ (Nancefield Substation);
- Ptn 19 Rietfontein 301IQ (Lehae Substation);
- Ptn 208RE Roodepoort 237IQ (Roodepoort Substation); and
- Ptn 171 Viervenontein 321IQ (Mondeor Substation).

By constructing the above substations, City Power will extend its electrical supply capacity to a wider area in Regions C, F and G. In all cases, the Use and Maintenance Agreements have been forwarded to City Power for signature to finalise the transactions.

Johannesburg Water Projects during the 2014/2015 Financial Year

JPC Municipal Portfolio has now been requested to assist Johannesburg Water in procuring 29 properties as a part of this project. Of these properties, 21 are privately owned land and eight are owned by the Council. These sites are located in Regions A to G and will be acquired over a number of financial years as the budget of Johannesburg Water allows.

A total of eight properties have been identified for immediate acquisition, of which six are privately owned and two by the CoJ. The two owned by CoJ have been referred for the required comments. The six privately owned properties have all been referred for valuation of the servitudes to be acquired. This is underway to initiate negotiations with the landowners for the acquisition of the servitudes. The total Capital Expenditure (excluding land) of the project is approximately R14.5 billion.

Diepsloot Reservoir: Portion 984 Knopjeslaagte 385JR	• Region A, in the Diepsloot area does not have sufficient water storage capacity. A property measuring 1.9 hectares is being expropriated by the JPC Municipal Portfolio, in order to enable Johannesburg Water to construct 2X25 ML water reservoirs. The property is being expropriated for R1.15 million and the Expropriation Notices have been served on the landowner.

Municipal Portfolio: Pikitup Projects during the 2014/2015 Financial Year

Waste Separation at Source Project

Pikitup is currently building sorting facilities at various waste catchment sites in order to encourage waste separation at source. This enables small recyclers to sell their materials to the main recyclers thus providing a source of income for small recyclers. This is an ongoing project and the Municipal Portfolio is currently finalising Use and Maintenance Agreements with Pikitup over Portion 108 Waterval 5IR (Region C), Portion 11 Middlefontein 223IQ (Region B) and Portion 89 Turffontein 96IR (Region F). The total CAPEX spend by Pikitup on the three properties is R12.5 million.

Outdoor Advertising

The Outdoor Advertising strategy was approved by the JPC Board in May 2015.

Salient features of the strategy:

- Less outdoor advertisements creates more value and reduces clutter;
- Development of Sign Management Plan (SMP); and
- SMP is a City-wide tool which identifies:
  - Prohibited Zones: Areas where third party or commercial advertising is not allowed with controlled/limited advertisements on-street furniture installations where required and street poles and on-premises signs required by businesses.
  - Minimum Control Areas: All forms of third party advertisements (On Class 1 Roads/highways to a maximum of 120 square meters in extent is permissible).
  - Maximum Control Areas: No billboards, only street furniture and on-premises signs allowed.
  - Partial Control Areas: All forms of third party advertising including on-street furniture are allowed (Class 2 and lower, order road sizes only up to 40 square metres in extent).
  - Street Pole Zones: Areas earmarked for street pole advertisement only on Median (centre of the roads). Not permitted on highways.
  - Media Development Zones include, but are not limited to:
    - Nodes: Areas in which innovation will be encouraged with a preference at street level for Street Furniture Advertising and no billboards and the separation of formats, as well as larger Outdoor Advertising formats (such as Times Square in the US) on abutting private buildings, that is, Sandton CBD, JHB CBD (Ghandi Square and Newtown), Randburg, Rosebank and Fourways CBD;
    - Some nodes have a core in which further intensification is encouraged with additional support for digitalisation of all sign types. Transportation terminals and similar precincts are also considered nodes. Each node requires an SMP or precinct plan and its own unique rules to be developed;
    - Special Zones: Isolated parcels of land, developed and undeveloped, other than road reserves, suitable for outdoor advertising; and
    - Gateway Sites: Areas designated for signs on bridges (exact locations as per the SMP) and/or custom built structures (approximate locations as per the SMP).

Highlights and Achievements continued

Property Development

The Property Development unit seeks to maximise social, economic and financial returns on the portfolio of public land by transforming high potential vacant land into high yielding property assets through the property development process.

In the last financial year an investment of R477 million of third party development on Council-owned properties was realised. This investment resulted in the creation of 1 747 jobs and the support of 433 SMMEs during construction.

Significant achievements by the unit in the last year include:
The **Office Space Optimisation (OSO)** programme which will leverage the delivery of Council offices to catalyse the development of the Corridors of Freedom and establish a rational framework for municipal offices and service delivery throughout the City.

Phase 1 City Hall Precinct (OSO)

Progress to date:
- Completion of the piling and earthworks for the Council Chamber at the Metro Centre precinct;
- High-level business plan and implementation has been prepared for the project and was approved by the Mayoral Committee;
- Tender for main building contract issued and awarded; and
- Implementation plan considered by Mayoral Committee. Specialist funding structure appointed to advise Mayoral Committee on model.

Phase 1 Randburg City Precinct (OSO)

The Randburg City Precinct project will focus on the redevelopment of Council-owned land located on the 8ha "civic triangle" which currently houses the old chamber buildings (no longer in use), the taxi rank, trader market, as well as a number of municipal buildings (including library, clinic, rates hall and licencing department).

In addition, four other vacant sites which are currently used for parking will be redeveloped for supporting housing development.

Progress to date:
- Professional team appointed to complete property plan for precinct; and
- Urban Design Framework completed.

Watt Street Interchange City Precinct (OSO)

Funding for the construction of the interchange was not received by CoJ transport. A decision was made to place the development of the interchange on hold. CoJ Planning and Transport are following up on funding so that this project can proceed.

Progress to date:
- Completion of the R20 million innovative 27 Boxes retail centre in Melville, constructed entirely using refitted shipping containers.

Newtown

The vision for Newtown is to develop the area as a multi-use environment, including offices, accommodation, residential, retail outlets, open spaces, performances, events, as well as exhibitions and museum space.

A key thrust of Newtown is the clustering of the creative industries which include, among others, the film, music, broadcasting, advertising, multi-media, visual arts, dance and crafts industries. The aim is to create an impetus for Newtown to be recognised as a major centre for the creative and cultural industries and tourism in South Africa.

Progress to date:
- Completion of the R1.3 billion Potato Sheds and Majestic retail and office development in Newtown, which is the largest investment in the Johannesburg CBD in recent history; and
- Completion of the 30 000m^2 Blackchain retail centre in Bara central precinct.

Orlando eKhaya

The development of the Orlando eKhaya development comprised of fifteen separate but interrelated development sites "strung" together by a high quality public environment focused on the Orlando Dam to create a new destination which is "Legendary, Dynamic and Authentically Sowetan".

Progress to date:
- Completion of social housing phase 2 at Orlando eKhaya; and
- City Limits retail centre (phase 1) started at Orlando eKhaya Powerstation.

The Sandton Station Development (known as Kgoro Gateway)

This project is set to become one of the most prestigious developments in South Africa. The development is located directly above and adjacent to the Gautrain Sandton Station and Mandela Square.

Progress to date:
- Relocation of the taxi rank into the new public transport interchanges in the Sandton Gautrain Station, to enable the Kgoro project to proceed.

Jabulani CBD

The Jabulani CBD is a 36ha precinct, comprising ten separate development sites that will ultimately deliver approximately 200 000m^2 of new development.

The high density, pedestrian orientated development will feature a high quality public environment including pedestrian pathways, street furniture and public art, focused on a central public park.

Progress to date:
- Construction of cultural square, which is 25% complete;
- Stormwater upgrade completed for precinct (JRA) packaging of 5th phase of residential development, initiated now that capacity is available; and
- Bolani Mall tenancy revised to meet 75% national tenant threshold required by funders. Final term sheet awaited.

Rosebank Linear Park and Rosebank Square

Restructuring of Council's land holdings in the rapidly developing Rosebank Node to achieve high financial returns for the City while ensuring that the public benefit is maximised.

The project includes:
- Creation of an innovative "linear park" which will link lower and upper Rosebank;
- Redevelopment of the existing Library and Clinic, which are currently run down and inadequate to serve public needs;
- New 10 000m^2 commercial development adjacent to park;
- Create a new public square on the existing parking lot in upper Rosebank;
- New 16 000m^2 commercial development adjacent to the Square;
- Concept plan has been developed;
- Sale of part of Erf 136RE Rosebank to Netcare has been completed;

Highlights and Achievements continued

- Town planning applications have been submitted and are in progress;
- Design of the linear park has been completed;
- Agreement with Redefine Properties for Lower Park and new servitudes to create linear park, drafted; and
- Public Open Space closure (Erf 209) advertised and objections being resolved.

Melville 973 (27 Boxes)

For this development an abandoned open space in the Melville community was converted into a vibrant art and food market, art and craft stalls, a deli market, coffee shop, supervised play area, public toilets and ample parking. The development, which makes use of the innovative conversion of containers, is expected to become a major attraction in the area which has become known as an artistic and cultural neighbourhood.

Progress to date:

- Construction of the development started in January 2015; and
- The centre was completed and opened for trading in June 2015.

Rissik Street Post Office

The Rissik Street Post Office (RSPO) is one of the oldest structures in Johannesburg originally built in 1897. It is a major public landmark and was declared a National Monument in 1978. The building was devastated by fire in November 2009 and was partially restored by JPC in 2011. Between 2012 and 2014 efforts were made to secure the refurbishment of the building by way of leveraging a commercial development. However, this proved unfeasible and it has since been concluded that a public use for the building will need to be pursued.

The immediate project is defined as the interim renovation and use of the structure, comprising the following:

- Partial renovation, including clean-up and improvement of internal spaces, reinforcement of the structure with an internal "skeleton" structure and renovation of the Main Postal Hall and the North Wing for use as a flexible events/creative space. Remaining areas will be made safe but cordoned off from public entry of the interior of the building; and
- Once the interim renovation is complete, a private-sector operator will be secured to manage, maintain and operate the premises in accordance with the business plan prepared for the property until the long-term upgrade can be secured.

The full heritage restoration will be undertaken in accordance with heritage regulations provided by the Provincial Heritage Resources Authority – Gauteng (PHRA-G) as a future phase.

Stakeholder Relations, Marketing and Communications

Marketing

Office Space Optimisation (OSO)

Plans to profile and promote the JPC through this flagship project are underway. In line with the OSO Communications Strategy the idea is not simply to create awareness, inform or educate but:

- To persuade residents, students, and the business sector to support the OSO programme;
- To build the OSO programme's positioning and its functionality;
- To empower Municipalities to take charge and own the developments;
- To create ownership and partnerships with stakeholders;
- Increase brand awareness for the CoJ, JPC and the Council Chamber;
- Align media relations and public relations opportunities with the overall strategy and the Marketing Strategy;
- Create maximum value through the understanding of activities of the CoJ, JPC and the Council Chamber;
- Form sustainable partnerships with key stakeholders that will increase revenue; and
- Align all public relations opportunities with the CoJ, JPC and Council Chamber programmes.

CoJ 2015 AGM: *His Worship the Executive Mayor, Councillor Mpho Parks Tau together with Chief Executive Officer, Ms Helen Botes at the JPC exhibition stand showcasing the OSO programme.*

The Randburg Fire Station Hand-over Ceremony

The refurbishment of the Randburg Fire Station was a public-private partnership between the CoJ and MultiChoice, in conjunction with the development of the new MultiChoice Campus adjacent to the fire station. In 2012, MultiChoice South Africa approached JPC regarding the acquisition of Erven 1214 to 1217 Ferndale for the extension of their operations and offices in the Randburg area. The properties are located in Braamfischer Drive in Randburg abutting the MultiChoice offices. JPC recognised a strategic opportunity to support economic development and community development utilising the CoJ's property portfolio.

The first phase of the MultiChoice Campus development, the refurbishment of the Randburg Fire Station, is complete and the MultiChoice campus is nearing completion. A landmark in the Randburg node, the development has made a considerable contribution to the revitalisation and upgrade of the Randburg CBD.

The Refurbished Randburg Fire Station

The Randburg Fire Station was handed over on 31 October 2014. This Mayoral event was attended by His Worship, the Executive Mayor of the CoJ, Councillor Mpho Parks Tau, MMC for Economic Development, Councillor Ruby Mathang and the MMC for Public Safety, Councillor Sello Lemau.

Highlights and Achievements continued

The Black Business Quarterly (BBQ) Awards

JPC identified the Black Business Quarterly (BBQ) Awards as a strategic opportunity for publicity. The event took place on 31 October 2014 at Emperors Palace. An A4 JPC corporate advertisement was placed on page 7 of the event programme, which was distributed to more than 1 500 people at the ceremony. JPC received brand exposure at the event venue as well as on the BBQ website. Organisations that attended included Trade and Investment KZN, Coega Development Corporation, SAFM, CNBC Africa and Exxaro.

Internal Communications

JPC achieved a significant milestone during the year with the introduction of its first Corporate Social Investment (CSI) Initiative. The Company hosted an ambitious three-week long Mandela Day event that spanned all seven regions, as well as a Children's Christmas party and a Senior Citizens lunch.

The CSI programme aims to:
- Contribute to the real needs of communities in which JPC operates;
- Make a sustainable contribution to the development and economic growth of the City;
- Enhance the Company image; and
- Build conducive relationships with JPC business partners.

Mandela Day 2014

JPC's "**Inspire change in 67 ways**" for the celebration of Mandela Day was a phenomenal achievement, accomplished through successful collaboration across all JPC's departments. In the maiden CSI programme under the new JPC, the Company's aim was to improve community relationships leveraging the value of vacant property in the social and economic interests of the CoJ. Through this initiative, JPC built mutually beneficial relations and entrenched positive public opinion of the Company's brand and services. This represents a significant investment, one that considerably raised JPC's profile. See initiatives in the following table.

JPC Christmas Party for Children

More than 100 children from the Thato Ke Matla Foster Home and various child-headed households in Johannesburg's Region G were treated to a Carnival-themed Christmas party at Fun Valley in the south of Johannesburg. The party was JPC's way of bringing festive cheer to the vulnerable and less privileged children and it was an opportunity for JPC to live one of the City's values – a caring City.

Gratitude: *JPC's former Chief Operations Officer Kululwa Muthwa (left) and Kgomotso Ntlheng give baby Momo Dipholo her Christmas gift.*

JPC Employee Festive Gift Collection

Fulfilling the objective of "Improved Employee loyalty and involvement" in October 2014, Employees were encouraged to donate a gift for children and groceries for the senior citizens. All departments contributed enthusiastically, collecting gifts for more than 100 children from Region G and groceries for 70 senior citizens from Region A.

Senior Citizen's Christmas Lunch

JPC hosted a festive lunch for 70 members from the ***Vukuzenzele*** Senior Citizen's Club at the Diepsloot Youth Centre, Region A on 8 December 2014. The senior citizens were treated to a three-course lunch and were showered with gifts, courtesy of the JPC Employees. Diepsloot was selected due to the wide-spread poverty in the area. The elderly take care of extended family members, relying on social grants and often going without meals for a few days. The lunch was an opportunity for them to enjoy themselves and to remind the elderly that JPC cares about their wellbeing.

Festive: *JPC Employees and Father Christmas give Gogo Florina Mofokeng (104 years) her gift at the Senior Citizen's Lunch.*

Public Relations and Media

Media Queries

Media interest in JPC emanated from diverse media platforms, including print, online and television. Journalists requested information on developments such as the Jabulani Precinct and Newtown Junction, with questions frequently revolving around how projects of that nature would affect communities and the contribution to the economy, etc. The Kwa Mai-Mai Informal Traders attracted the most attention, with some TV stations requesting to do inserts at the market.

The Office Space Optimisation (OSO) programme, the first of its kind to be developed by a municipal entity in South Africa, generated enthusiastic interest with local daily newspapers like the Star, which featured a one-on-one interview with JPC's Chief Executive Officer.

Inevitably, some queries were prompted by complaints from the community, for example, the Pimville Golf Club, where the community alleged they were not notified about the development that was taking place; or expiring of a lease agreement, such as The Zoo Lake Bowling Club, which sometimes create controversy. In other cases, media queries were politically driven, like in the instance of the Cape York building.

In total, JPC received 12 media queries between 2014 on 2015, and these also covered projects like the Observatory Bowling Club, George Lea Park and The BRT Corridors of Freedom development in Louis Botha Avenue.

Highlights and Achievements continued

Media Coverage Analysis

July 2014:	Coverage centred on the Orlando eKhaya project, punted as "a housing, shopping and entertainment project expected to change the face of the sprawling township of Soweto". Coverage of the project generated positive Leadership, Social Impact and Investor Relations reputation ratings.
August 2014:	News reports related to the setting aside of the lease agreement between the JPC and Kenako Consulting by the Johannesburg High Court dominated coverage.
September 2014:	Media coverage concentrated on the openings of 27 Boxes, the Melville shipping container shopping centre development and the Newtown Junction that was regarded "the biggest private development in the Johannesburg CBD since the Carlton Centre was constructed in the 70's" (Engineering News, 19 September 2014).
October 2014:	The Kwa Mai-Mai rejuvenation programme that is expected to re-establish the taxi rank as a tourist attraction generated positive media coverage.
November 2014:	Coverage was dominated by the Randburg Fire Station's refurbishment by MultiChoice In "partnership with the CoJ and the Joburg Property Company" (Cosmo City Chronicle, 12 November 2014). This coverage had a positive impact on the Investor Relations Reputation Indicator.
December 2014:	Media coverage was influenced by social programmes by JPC such as the event for the elderly and a Christmas party for disadvantaged in Johannesburg.

Other reporting pertaining to JPC that had a sizeable impact on prominence indicators and reputation, primarily related to the contention between JPC and Zoo Lake Bowling Club and other green spaces in established suburbs around Johannesburg such as Parkview, Cyrildene and Melville.

Financial Performance

Operational and Capital Expenditure Variance Report: July 2014 – June 2015

Objective

The main purpose of this report is to provide a summary of the CoJ Portfolio financials for the 2014 – 2015 financial year. Further, reasons for under-spending or over-spending are provided where applicable.

Revenue

CoJ Portfolio made an initial revenue projection of R158 116 000.00, to be recovered from rentals, income from agency services and municipal charges. Total revenue generated for the period under review is R161 945 552.85 which equates to 2% above the allocated budget of R158 116 000.00.

Operating Expenditure

The overall total operating expenditure for the period under review is R113 777 227.67, against an allocated YTD budget of R158 116 000.00 which represents a cost saving of 28% for the period under review.

Capital Projects

Capital Expenditure

Capital expenditure incurred to date for CoJ Portfolio amounted to R124 500 000.00 of which R84 541 458.18 has been paid by CoJ and R39 958 541.82 still owed to JPC. An amount of R358 021.50 still has to be paid from the CoJ for the financial year 2013/2014. The amount of budget allocated for the year amounts to R124 500 000.00 for the year 2014/2015.

The Progress on the 2014/2015 CAPEX Budget

Project Name	Revised Approved Capex Budget 2014/15	YTD Actuals	Percentage Spent
FMM – Public Conveniences: New public toilets, Johannesburg	**7 500 000**	7 500 000	100%
Jabulani CBD: New operational capex Jabulani	**20 000 000**	20 000 000	100%
Land Regularisation Renewal: Operational Capex, Johannesburg City-wide	**10 000 000**	10 000 000	100%
Orlando eKhaya: Waterfront Development Renewal Park, Orlando	**10 000 000**	10 000 000	100%
Purchase of land in Perth/Empire, Louis Botha and Turffontein Corridors: New Corridors of Freedom Intervention Coronationville City-wide	**22 402 000**	22 402 000	100%
Randburg Civic Precinct Renewal Building Alterations, Ferndale	**2 000 000**	2 000 000	100%
Revamping of the Informal Trading Stalls within the Inner City: Renewal Operational Capex, Johannesburg	**1 300 000**	1 300 000	100%
Sandown Extension 49 Erf 575RE Renewal: Building Alterations, Sandown Ext. 49 E	**35 000 000**	35 000 000	100%
Site Development Projects: New Land Preparation, Johannesburg City-wide	**16 298 000**	16 298 000	100%
Totals	**124 500 000**	**124 500 000**	**100%**

Overall CAPEX Performance:

- 100% of the 2014/2015 approved budget has been spent as at the end of June 2015, CAPEX Budget 100% committed and will be fully utilised; and
- 99% of the 2013/2014 spent budget has been recovered from the CoJ Metropolitan Municipality. 1% of the amount outstanding for the financial year 2013/2014 relates to the following projects:

Prior Year 2013/14	
Majestic Newtown	R358 021.50
Total	**R358 021.50**

Financial Sustainability

Current Ratio (Liquidity)

CoJ-JPC Portfolio has current ratio of 1:1 as compared to the norm of 2:1, with a positive cash flow of R25 408 491.45 for the period under review as compared to the negative cash flow of R64 982 608.00 for the same period in the 2013/14 financial year.

Debtors Collection Period

CoJ-JPC Portfolio collection period is 70 days as compared to the industry norm of 60 days and this also takes into account debtors which are deemed irrecoverable.

Performance Monitoring Against the Scorecard

For the financial year ending 30 June 2015, JPC achieved 90% of the approved scorecard. JPC did not make any scorecard amendments to the targets for the period under review, as would be necessary at times, in line with the MFMA.

1. Sustainable Human Settlements

1.1 Transfer or lease cumulative 13 000 properties under the Land Regularisation Programme

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
13 000 properties leased or transferred	12 803 identified properties 3 065 transferred properties	2 000 identified	A cumulative total of 2 459 identified

Target not achieved.

The target to transfer 13 000 properties was very ambitious; however, JPC managed to transfer a total of 3 065 properties which is the first compared to the prior years. There were challenges relating to Township Establishment that impeded the entity's ability to transfer title for identified properties. JPC is having engagements with the Department of Housing to assist in speeding up the process. There are a number of properties that will be transferred early in the next financial year of which the bulk of the preparations were undertaken in the reporting period.

2. SMME and Entrepreneurial Support

2.1 Creation of the SMMEs, NGOs, Co-Ops and Community Organisation Programme

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
4 000 SMMEs, NGOs, Co-Ops and Community Organisation	7 159 SMMEs supported	4 600	3 452

Target exceeded.

The target has been exceed with the total of 7 159 SMMEs supported against a set target of 4 000 SMMEs.

2.2 8 000 jobs created

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
8 000 jobs created	9 955 jobs created	2 600 jobs created	6 429 jobs created

Target exceeded.

The target has been exceeded as there has been 9 955 jobs created in the financial period against a set target of 8 000 jobs. Below is the list of projects on which the jobs were created in the fourth quarter.

2.3 Release of land to SMMEs, Co-Ops and Entrepreneurs under the transformation, social economic and social programme

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
Issue a request for proposal to Co-Ops	27 parcels of land identified, the database for Co-Ops is in place. 50 hectares of land, 1 hectare per 1 Co-Op released	100	5

Target achieved.

The target has been exceeded in the period under review. JPC released 50 hectares of land to support Co-Ops for agriculture purposes which contributes to the food security programme of the City.

3. Financial Sustainability And Resilience

3.1 R100 million of rental income from leases and servitudes sales, servitudes and acquisition

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
R100 million income raised	R111 million income raised	N/A	N/A

Target exceeded.

Target exceeded with R110 million reported in the current financial year against the set target of R100 million.

3.2 Construction of the Council Chamber as per the Office Space Optimisation programme

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
Site handover to the contractor	Site handover to the contractor	N/A	N/A

Target achieved. The site was handed over to the contractor on 15 April 2015.

Performance Monitoring Against the Scorecard continued

4. Transit Oriented Development – Priority Areas (corridors/nodes)

4.1 Acquisition of 20 properties along the Transit Oriented Development and support of the Housing Master Plan by acquiring six properties in Priority Areas (corridors and nodes)

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
Acquisition of 20 properties along the Transit Oriented Development and support the Housing Master Plan by acquiring six properties in Priority Areas (corridors and nodes)	28 properties acquired for Corridors of Freedom and Housing Master Plan	3 properties purchased and agreements signed	7 properties acquired in line with the Housing Master Plan

Target exceeded.

The target has been exceeded. There are 39 properties that were acquired in the current financial period against a target of 26 properties. All 39 properties have been lodged with the Deeds Office for transfer.

5. Investment Attraction, Retention and Expansion

5.1 Create a structured Informal City Market in the inner city as a pilot project which is vibrant and a tourist attraction: Appoint a successful bidder.

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
Create a structured Informal City Market in the inner city as a pilot project which is vibrant and a tourist attraction: Appoint a successful bidder	JPC placed an Expression of Interest on 10 April in an advert in the newspaper for the development of the City Market	N/A	N/A

Target achieved.

The target has been achieved for the financial year under review. JPC issued an Expression of Interest on 10 April 2015 through the advert in the newspaper which closed on 9 May 2015. The companies that responded have given ideas on how to develop a structured Informal City Market.

5.2 Third party investment on CoJ property transaction: R350 million investment by private sector

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
Third party investment on CoJ property transaction: R350 million investment by private sector	R477 million investment by private sector	N/A	N/A

Target exceeded.

The target has been exceeded for the financial year under review with R477 million third party investment attracted against the targeted R350 million.

5.3 Third party investment on CoJ property transaction: R1 billion investment leverage on property transaction

Current Year 2014/2015		Prior Year 2013/2014	
Annual Target	**Actual**	**Annual Target**	**Actual**
R1 billion investment leverage on property transaction	R1.68 billion	R500 million	R770 million

Target achieved.

The target has been exceeded for the financial year under review with R1.68 billion third party investment attracted on CoJ property transaction against the targeted R1 billion.

Assessment of Arrears on Municipal Taxes and Service Charges

Assessment of Municipal Taxes and Service charges to the Entity

Not applicable to JPC.

Amounts owed by entity for service charges

Not applicable to JPC.

Assessment of Senior Managers' municipal accounts

Name	Department	Municipality	Balance owing	Arrears
Mr S Mntungwa	EM: Property Development	CoJ	Current	None
Mr F Sardianos	EM: Property Portfolio	CoJ	Current	None
Mr IM Bhamjee	EM: Finance	City of Tshwane	N/A	N/A
Mr T Mokataka	Manager: Legal Services	CoJ	Current	None
Ms E Pedro	EM: HR	CoJ	N/A	N/A
Ms K Muthwa	Chief Operating Officer	City of Tshwane	N/A	N/A
Ms V Morgan	Company Secretary	N/A	N/A	N/A
Mr M Mashele	EM: Informal Trading	N/A	N/A	N/A
Mr J Sunker	EM: Facilities Management	Mogale City	N/A	N/A

Assessment of Board Members' Municipal Accounts

Name	Municipality	Balance owing	Arrears
Mr A Mabizela	CoJ	Current	R0.00
Mr IM Bhamjee	City of Tshwane	N/A	N/A
Ms HM Botes	CoJ	Current	R3 093.72
Mr T Hickman	Cape Town	N/A	N/A
Mr MJ Rabodila	CoJ	Current	R0.00
Mr FD Ntombela	Midvaal	N/A	N/A
Ms PP Msweli	CoJ	Current	R0.00
Mr MM Morojele	CoJ	Current	R0.00
Pastor C Kai	N/A	N/A	N/A
Dr N Mabuya	CoJ	R	R0.00

Recommendation and Plans for the next Financial Year

JPC is planning to implement the following initiatives in the 2015/16 Financial Year:

- Completing the property portfolio categorisation process;
- Approval of the Land Strategy document;
- Developing a Facilities Management plan for each facility;
- A partnership model of the transport facility implemented in line with the Facilities Management framework;
- Remodelling/modernisation and refurbishment of all current public toilets;
- Implementation of the partnership management model with informal traders implemented;
- Setting up supplier hubs in the seven regions in line with the entity's transformation objectives;
- Filling of key vacant positions throughout the organisation;
- Upskilling of existing Employees; and
- Implementation of the change management plan.

CHAPTER 4

Human Resources and Organisational Management

2015 Human Resources and Organisational Management Highlights

- Institutional review completed and restructuring commenced
- New organogram approved
- Restructuring resulting in a unified JPC
- Talent Management Forum established to ensure strategies are implemented
- Competency framework completed and forms basis for all HR functions
- Change management programme including diversity management programme implemented

Interior design concept.
CoJ Regional Office

Human Resources and Organisational Management

Organisational Development

The institutional review process conducted in the year under review, led to significant restructuring and the organisational redesign. JPC's Board approved the high level structure, a process which led to the recruitment, selection and appointment of Executives and Senior Managers. The Executive Management Team was fully functional with effect from 1 July 2015.

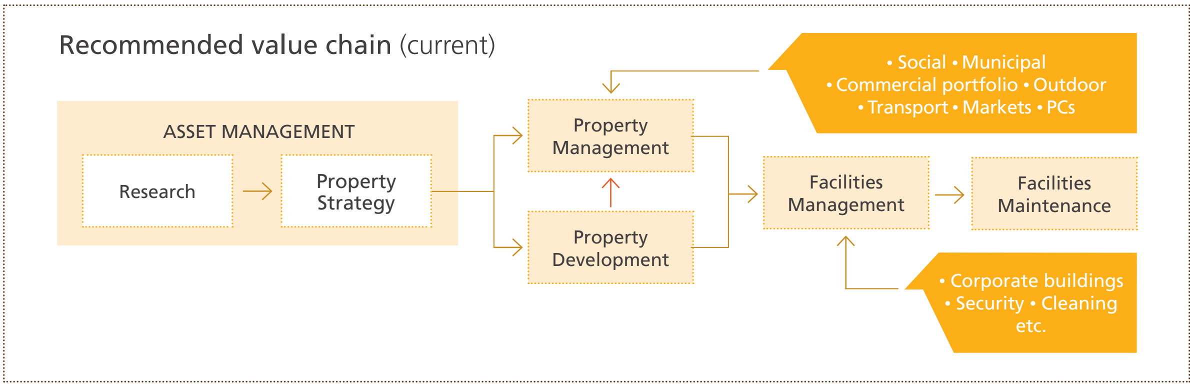
Phase Two of the Organisational Redesign process, which entails placing Employees in the new organisational structure, is on track. The organisational structure is designed to respond to the mandate of the Company by arranging the core functions to respond not just to the corporate strategy but to the GDS 2040 and to the Service Delivery Agreement.

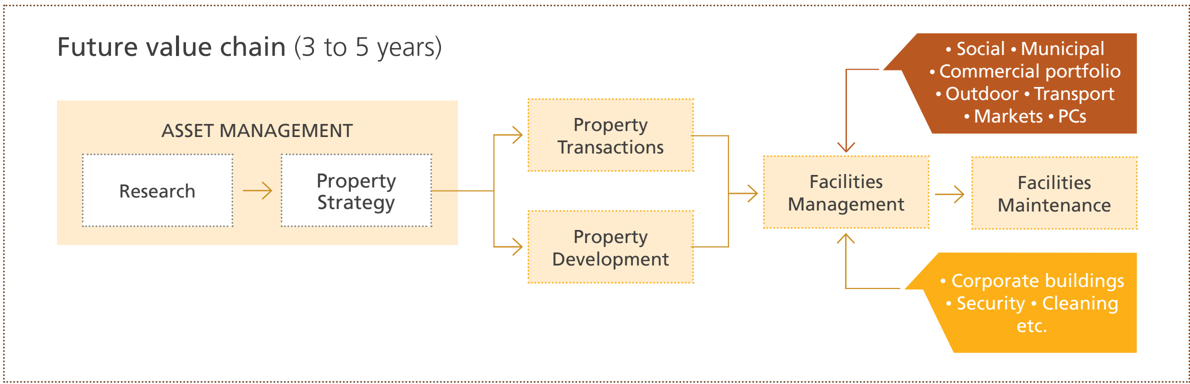
JPC has gone through a transformation journey brought about by the integration of FMM, MTC and JPC. The outcome of the process is a unified JPC, with a vision to facilitate and enable the CoJ in using its property portfolio in the interests of strategic and transformative projects, positively impacting the lives of the residents of the City.

Leadership is critical to realising the vision and strategic objectives set by JPC. To this end, a rigorous process was initiated to appoint Executive and Senior Managers that will successfully lead JPC into this new era. The revised organisational structure for JPC, and particularly Portfolio Management, has been developed in a manner that seeks to help realise business objectives, while ensuring that existing Employees are all accommodated.

The leadership of Portfolio Management is committed to ensuring that Employees' wellbeing and meaningful work engagement is provided for in an environment that respects and appreciates the value that each individual Employee brings.

The structure is designed to ensure sustainability of the land portfolio, by increasing the performance of the portfolio through dividing property management, to achieve social, economic, commercial and financial returns. The portfolio is designed to ensure that performance can be measured at a portfolio level, organisational level and at an individual level.





Asset Management

Asset Management is divided into three focus areas that will assess the sustainability of the land portfolio.

Land Strategy Development	Operational and Financial Performance	Business Development

Facilities Management

Facilities Management is embarking on a team-based approach to day-to-day operations as illustrated below. Two main teams dedicated to planned maintenance and emergency maintenance will be established. These teams will be made up of the current general workers and artisans.

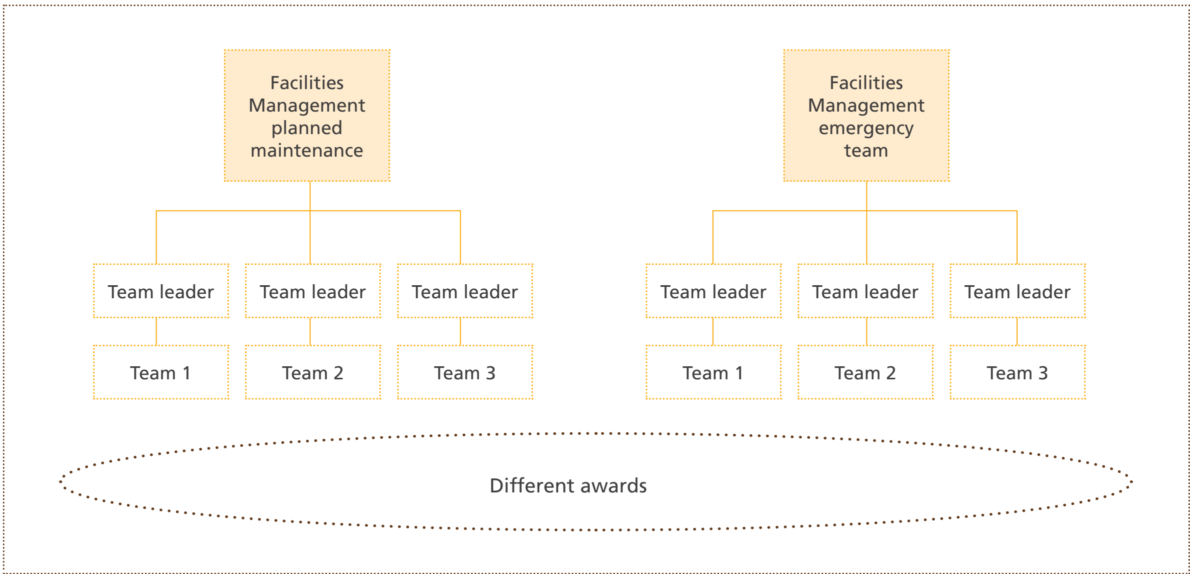


Fig 1: Facilities Management Implementation Framework

This approach brings JPC closer to its customers and ensures the optimal efficiency and effectiveness of its facilities services. The primary advantage of this approach is increased focus and interrupted service. The teams will function almost exclusively. The constant availability of planned team will ensure certainty, and the availability of the emergency team will ensure responsiveness.

Vital to the success of this approach, is investing time and effort to build and sustain a team culture. A team approach framework will be designed to ensure that there is broad understanding and buy-in to ensure long-term success. Creating a well functioning team is complex and communication with Employees is an essential tool in achieving cohesion. The benefits of the framework and team functioning will form part of a new branding process for JPC Facilities Management.

Property Management

JPC leadership have engaged in a number of processes geared to repositioning the organisation to ensure its long-term survival and sustained performance. Those that have been executed across the Company include:

- The formulation of the organisation strategy;
- Defining the service delivery model; and
- Designing the organogram.

Human Resources and Organisational Management continued

Integral to the organogram are the decisions regarding how best to structure JPC so as to have a positive, and the desired, impact on its clients. The aim is to position the Company as an expert organisation in property management. To achieve this it is critical for JPC to give consideration to the type of structure that will ensure that it achieves its future vision. Hence, the Property Management Division was reviewed to ensure continued optimal performance.

Going forward, Property Management will adopt the concept of ***Portfolio Property Management***. Simply put, the properties under JPC will be managed as portfolios. With this portfolio property management approach comes the need to differentiate the portfolio – not all portfolios are the same, and not all portfolios will be managed by the same Employees. To address this, JPC is adopting a model of differentiating the property portfolio into portfolio A, B, and C. The portfolio under C will be the entry portfolio and A will be the advanced portfolio as depicted in the diagram below.

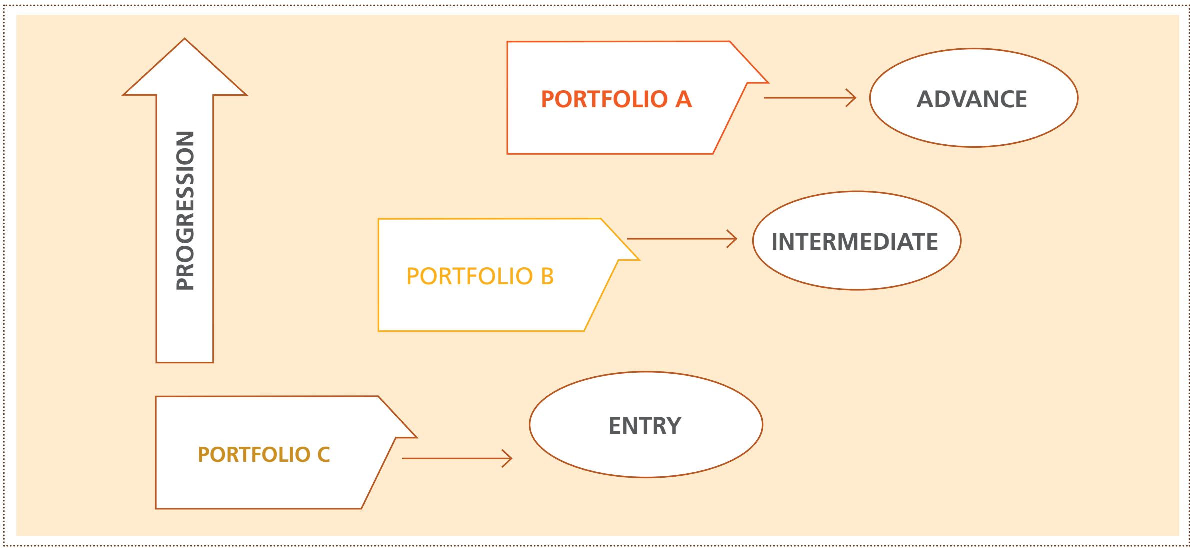


Fig. 1: Portfolio Property Model

As is evident in the diagram above, the Portfolio Property Model is an exciting new approach which will give Employees within JPC the opportunity to move, and assume responsibilities, across three challenging phases of property management. Each portfolio will comprise different types of properties. The model provides an opportunity for aspiring and experienced Employees in property management to manage varied properties gaining broad and invaluable experience.

This brings to the fore the concept of career management, a relatively new phenomenon in the broader sphere of the public service. While the differentiation of the property portfolio may serve to further the JPC's strategy on many levels, it entrenches career management, which in turn, facilitates with the attraction and retention of Employees.

The categories explained:

Entry: Employees new to a skill or attribute, often a professional at the Employee or entry-level in the organisation. However, it may also describe a seasoned professional with limited exposure to a specific area.

Intermediate: Employees with detailed knowledge in a given area and capable of taking operational responsibility in that area. Often this person is at a mid-level within the organisation, and has supervisory responsibilities.

Advanced: Employees with mastery of a skill, often the highest ranking individual with skills in a given area in the organisation. However, it may also describe a lower-level professional with specialised knowledge in an area. Notwithstanding this exception, certain competencies can only be demonstrated by a senior or very advanced practitioners.

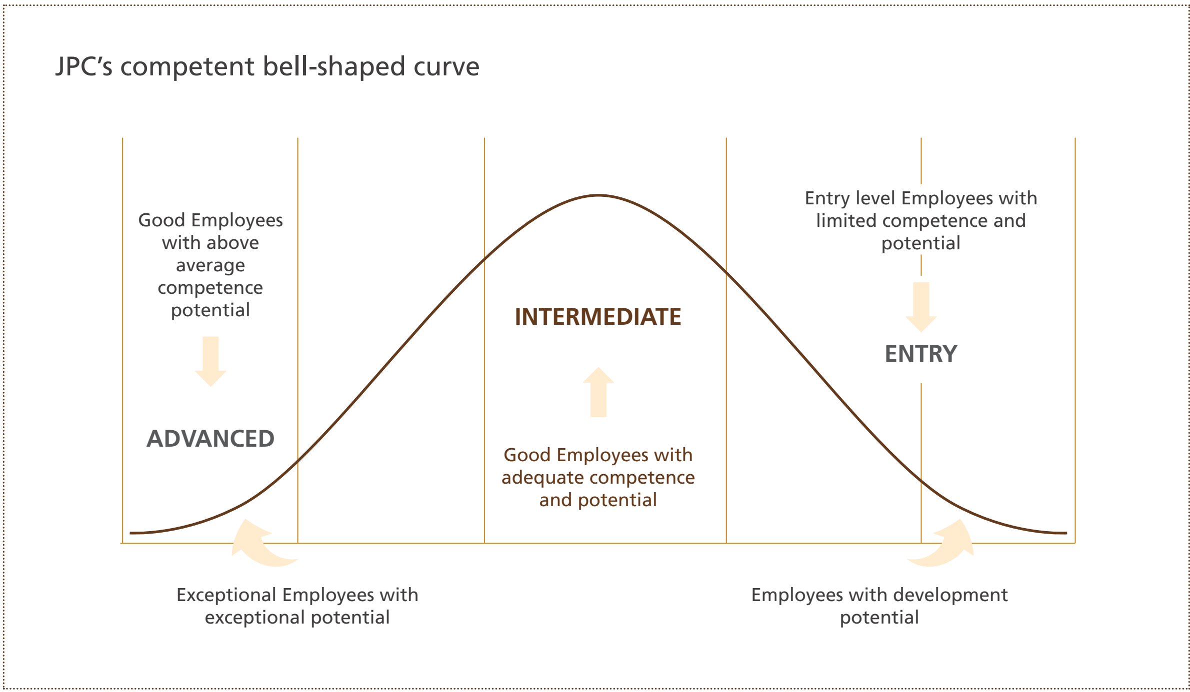


Fig. 2: JPC Competence Curve

Organisational Approach to Property Development

Based on the JPC strategy, the intention is to grow this department's capacity over time.

All JPC Employees who are currently involved in property development or have professional skills in architecture, quantity surveying, engineering, project management (construction), building design, etc. will be moved into the newly constituted Property Development department.

Over time, JPC intends to hire contracted professionals to fill the required roles on a project-by-project basis. As the work load and the demand for full-time professional resources increases, these resources will be hired on a full-time basis. In addition, the need for skills training in project management in this particular section, has been identified. Capital projects to be undertaken by the Property Development department include:

- Any current and future "major works/project" work that used to be undertaken in FMM will be incorporated into the new Property Development department to ensure all functions and processes relating to projects are in one work environment;
- The current capital projects for the portfolio will remain in this department; and
- Any capital projects initiated through JPC's investment strategy.

Career Management

Career management is strategic in orientation and must link directly to longer-term objectives. The Company's intent, as articulated in its mission, objectives and goals underpin the direction or coherence required for managing careers.

Career management can be defined as:

- An ongoing, collaborative process between Employees seeking to develop their full potential and achieve their career aspirations, and the organisation seeking to ensure that the necessary Human Resources are available to meet its objectives; and
- Career management encourages personal performance and professional growth, strengthens job security and provides an edge for attracting and retaining talent.

Human Resources and Organisational Management continued

What it means in practical terms for JPC Employees

JPC is embarking on a bold and visionary approach to portfolio management, which includes establishing exciting new process for career management in the Property Management Division. However, for this to succeed, delivering the desired operational performance, it is critical that all Employees understand the implications and expectations within this approach.

Practical implications of the model:

- All the Employees within this model will be referred to as Portfolio Property Specialists;
- The categories outlined provide for proper Human Resources planning processes;
- The difference will be clearly defined in the different categories – Entry (C), Intermediate (B), and Advanced (A);
- Each category will have different types of properties;
- The Land Strategy will tweak the portfolio content;
- Asset Management will provide a quarterly report on the performance of each portfolio;
  - This will allow for performance conversations;
  - How to implement remedial measures;
  - Reviews, if any;
- The three portfolio categories will be given performance targets, i.e. R50 million, R30 million, R20 million, etc;
- Category C, which is the entry level, is a developmental category that will provide growth opportunities for people aspiring to a career in property management;
- There will be a pool of Admin Employees led by a senior admin person;
- The model proposes specialisation on Admin and Property Management;
- There will be a rigorous performance management framework put in place to ensure sustained high performance. The following will be put in place;
  - Performance standards;
  - Number and level of client violations;
  - Risk register;
  - Types and number of returns;
  - Issues resolutions process;
- The complexity of the categories will differ;
- Client relations will also provide reports on how categories perform in relation to client service;
- With regard to the size of the portfolio the following will be the norm:

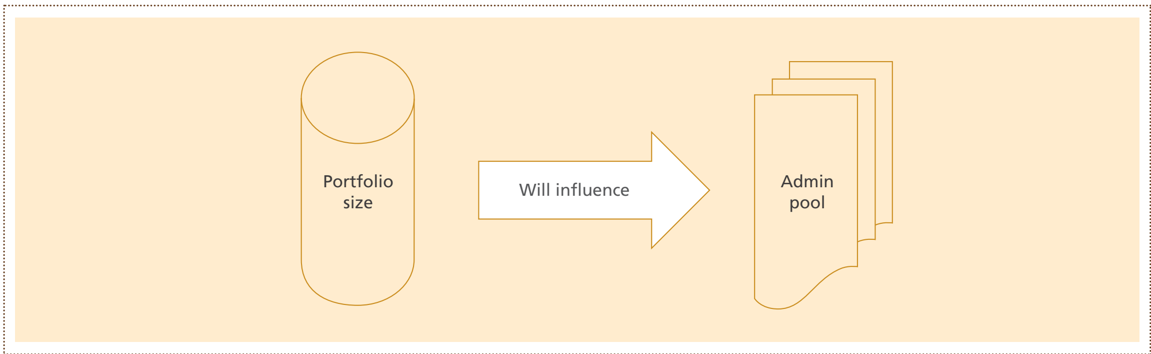


Fig. 3: Portfolio Size and Admin Pool

- Executive Managers/Senior Managers will be measured on the movement of Employees across the categories;
- The categories will be property driven and not vacancy driven;
- If an Employee in category A moves down to category B, the salary of such an Employee will be frozen; and
- The three categories will be assessed in terms of performance and the results of the assessment will give an indication on organisational performance.

Implications of selected talent management processes

JPC is committed to a culture of continuous improvement, Employee development as well as improved people and organisational management in order to sustain its reputation. It is important that as this approach is implemented, JPC maintain a positive outlook with regards to talent management. The talent management mind-set must consider appointing high calibre people in the most value-creating jobs, and having a strong bench, as critical to achieving the aspirations of the organisation. The talent mind-set must be reinforced with accountability for the strength of the talent pool at all levels. Going forward, a deliberate effort has to be made to interrogate the talent management processes in light of the career management model being implemented in property management.

Talent management processes	A Positions (Advanced)	B Positions (Intermediate)	C Positions (Entry)
Recruiting	• Requires serious investment in selecting right people due to strategic risk of poor decisions.	• Fair levels of investment in selecting individuals.	• Low levels of investment in hiring due to ease of replacement of function.
Remuneration	• Determined by performance.	• Determined by job level.	• Determined by market price.
Performance management	• Must actively distinguish and recognise good (A players) from other performers to enhance upside.	• Reiterate expectations of job, enable progression across job levels and manage inadequate performs.	• Maximise efficiency and cost effectiveness; eliminate sub-par performances.
Professional development and career path	• High degree of development. differentiation required. • Opportunities actively sought and tailored. • Careers of individuals centrally managed.	• Job enrichment options to retain core and high performers through training, recognition and reward. • Active assistance to develop B players into A players.	• Career management responsibility of individual with support from organisation to the extent it meets with WC requirements and is not too costly.

Human Resources and Organisational Management continued

Benefits of the career management approach

EMPLOYEE BENEFITS

- Provides information and support to plan, pursue and take responsibility for their own careers;
- Helps Employees to acquire new skills, knowledge, diversified experience and self-confidence while minimising skill obsolescence; and
- Improves the quality of working life for those who seek more control over their lives and careers and greater job satisfaction.

ORGANISATIONAL BENEFITS

- Provides better knowledge of Employee placement and interests, allowing Management to improve the efficiency and effectiveness of HR processes;
- Improves firm continuity and performance through systematic training and acquisition of experience;
- Creates a more flexible and adaptable work force with greater capability of responding to change and improves the reintegration of previously seconded Employees or those affected by work force adjustment;
- Attracts potential recruits and leads to greater retention of valued Employees; and
- Provides an opportunity to communicate more openly and demonstrate greater commitment to Employees.

BENEFITS FOR BOTH

- Fulfills a prerequisite for empowerment;
- Assures that members of EE target groups receive an equitable share of developmental opportunities; and
- Contributes to broader understanding amongst colleagues and technology; and transfer (knowledge, expertise, practices) between organisational components.

Organisational Approach to Placement

Phase Two of the Organisational Redesign process is on track and entails placing Employees in the new Organisational Structure. This process is directed and monitored by the Placement Committee, which operates in line with formalised Terms of Reference. A Placement Framework and Procedure also regulates the process and details the mechanism that will be implemented in addressing potential implications. The new structure is being populated in a fair manner with suitable Employees that will ensure that JPC is able to meet its mandate. JPC is committed to ensuring that legal obligations are met and that all Employees are dealt with in a legally fair and transparent manner. The Placement Committee's activities are overseen by an independent party that will issue a report on whether placements were done in line with the agreed upon framework and terms of reference.

Key to the success of reorganisation is the way in which the prospective future employment arrangements for Employees are handled. Continuity of service provision, especially in the context of the public sector with the duty to citizens, is critical. Employees will naturally be concerned about their future careers and in some cases continuity of their employment. Key elements in the process, such as communication with Employees and trade unions, Employee morale, Employee training, etc. are considered important.

Competency Framework

During this period JPC completed the Competency Framework, which is a model that broadly defines the blueprint for excellent performance within an organisation. This assists JPC in easily identifying the behaviours that drive successful performance and enable the Company to deliver on technical expertise effectively. Defining how tasks should be performed is particularly important in establishing common ground around work practices.

Competency is a combination of skills, job attitude and knowledge, which is reflected in job behaviour that can be observed, measured and evaluated. It is considered a determining factor for successful performance. The focus of competency is behaviour, which is an application of skills, job attitude and knowledge.

A Competency Framework is a structure that sets out and defines each individual competency (such as problem solving or people management) required by individuals working in an organisation or part of an organisation. The term competencies describes the behaviour that lies behind competent performance such as critical thinking, analytical skills, and describes what people bring to the job. Generally the framework will consist of a number of competencies, which can be applied to a broad number of roles within the organisation and sector.

The Competency Framework will be the basis for all HR functions and serve as a linkage between individual performance and business results. It provides a clear behavioural link to the strategic plan, i.e. defining how Employees are expected to behave in delivering the priorities set down in key corporate documents. Behavioural competencies are a signal from the organisation to the individual of the expected areas and levels of performance. They provide the individual with an indication of the behaviours that are valued and recognised.

Employment Equity (EE), Diversity Management and Change Management

JPC recognises the value a diverse workforce brings and believes that the Company should reflect the diversity of the communities we serve in the CoJ. To achieve its objectives JPC fully embraces the principles of employment equity and promotes the fair and consistent treatment of all our Employees, encouraging equal opportunities. Gender mainstreaming, youth programmes, personal development, succession planning and retention have become some of the key drivers in JPC's human capital management practices and strategies.

The EE Plan outlines the five-year objectives:
- Elimination of unfair discrimination;
- Implementation of Affirmative Action;
- Promotion of diversity;
- Ensuring efficiency and effectiveness to enhance equitable delivery services;
- Implementation of fair and equitable working facilities for all Employees;
- Recruitment and retention of suitable Employees from designated groups;
- Training of Employees and managers;
- Ensure timeous submission of progress reports on the implementation of the EE plan to the Department of Labour; and
- Ensure proper budgeting for EE activities as per the plan.

These objectives will be monitored annually to monitor and ensure reasonable progress.

Focused attention on diversity management within the Company is essential and will form part of the Change Management process. Since the integration of FMM, MTC and JPC, the Company has a diverse set of skills, cultures and generational differences, which presents challenges. In the first two quarters of the new financial year JPC embarked on an extensive Change Management programme in conjunction with a Diversity Management programme.

JPC is adopting a proactive approach to managing diversity in the workplace. The Company regards a diverse workforce as a business asset and opportunity to identify and realise the potential of the diverse knowledge, qualifications, skills, abilities, behavioural attributes and background of the workforce.

Diversity Management is considered a strategic issue, and to safeguard diversity, is entrenched in the culture of the Company. Specific initiatives and inclusive practices and behaviours of benefit to all Employees will be introduced. JPC will focus on creating a work environment that values and utilises the contributions of Employees with diverse backgrounds, experiences and perspectives. The Employer and Employees have an ethical and legal responsibility to maintain an environment that is free of discrimination and harassment, is safe, respectful and productive, and also to be treated fairly within the workplace.

The diversity implementation plan will encompass the following:
- Cultures;
- Religions;
- Sex orientation;
- Race and gender; and
- Diversity backgrounds, experiences, skills and education.

Promotion of diversity awareness and Change Management plan

In order to achieve the strategy and diversity, the plan must take note of the following:
- A diversity-consciousness audit amongst all Employees to ascertain the level of awareness of diversity-related issues in the workplace;
- Diversity Management training for Management and all Employees;
- Initiatives to support diversity such as cultural events/interactions;
- Create multicultural work teams who find themselves in a potentially destructive group process, to work through difficult interpersonal processes despite individual differences;
- Conflict within the organisation caused by stress relating to job insecurity because of the restructuring;
- Understanding the quality of work life;

- Understanding the social profile of our Employees;
- Generational differences and the impact on productivity and the value systems of the organisation;
- Different values and the impact on the organisational values;
- Determining the work-life balance and how to create and maintain that work-life balance; and
- Ethics – defining work ethics, leadership ethics, corporate and organisational ethics and building an ethical environment.

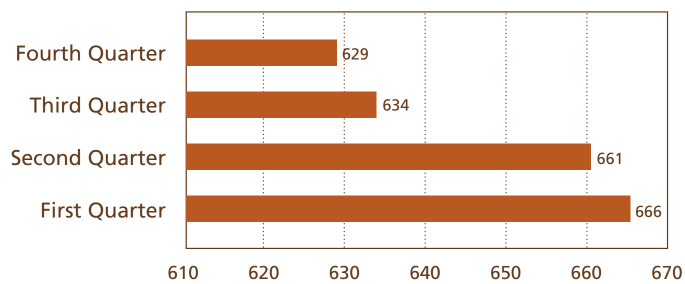
Employment Equity demographics status indicates that JPC has a total Employee complement of **629 permanent** Employees and **10 temporary** Employees at 30 June 2015. This includes people with disabilities.

Note: A = African, C = Coloured, I = Indian and W = Whites.

	Male				Female				Foreign Nationals		
Occupational levels	A	C	I	W	A	C	I	W	M	F	**Total**
Top Management	1	0	2	1	0	1	1	0	0	0	**6**
Senior Management	4	0	0	1	4	1	0	0	0	0	**10**
Professionally qualified and experienced specialists and Mid-management	8	0	2	5	9	1	1	3	0	0	**29**
Junior Management, Superintendents and Management	78	4	4	10	14	2	1	4	1	0	**118**
Semi-skilled/Administration	121	3	2	1	64	7	1	4	0	1	**204**
Unskilled and defined decision making	136	19	3	2	82	19	1	0	0	0	**262**
TOTAL PERMANENT/FTC	**348**	**26**	**13**	**20**	**173**	**31**	**5**	**11**	**1**	**1**	**629**
Temporary Employees	2	1	1	0	4	2	0	0	0	0	**10**
GRAND TOTAL	**350**	**27**	**14**	**20**	**177**	**33**	**5**	**11**	**1**	**1**	**639**

The workforce profile above indicates that majority of the Employees are at lower levels between semi-skilled and unskilled.

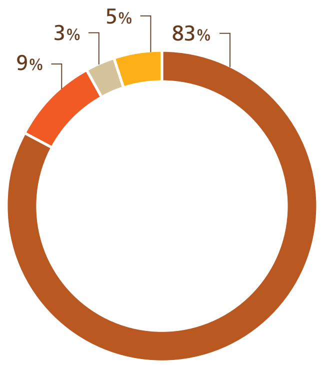
The workforce trend below indicates JPC's quarterly profile for the 2014/2015 financial year. The profile in its entirety is inclusive of temporary Employees.



Employment Equity (EE), Diversity Management and Change Management continued

Racial Split: The graph and table below demonstrate the overall racial split at 30 June 2015. According to the gap analysis whites are under-represented by 11% against the set target of 16%. The demographics for the designated groups are slightly over target. The under-representation will be addressed as and when positions become available and where suitable qualified white candidates will be given preference.

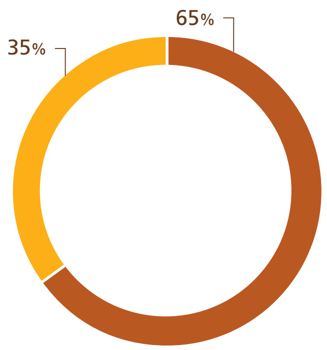
Racial Split – June 2015



Overall Racial	JPC Total				Foreign Nationals
	A	C	I	W	
Total No.	521	57	18	31	2
Actual	83%	9%	3%	5%	0%
Target	**78%**	**4%**	**2%**	**16%**	**0%**
Gaps	5%	5%	1%	(11%)	

Gender Split: The graph and table below indicate the overall gender split at 30 June 2015. It shows clearly that females are under-represented by 15% against the 50% gender target. The EE implementation plan will address the imbalance identified as and when suitable positions become available.

Gender Split – June 2015



	Males	Females
Actual	65%	35%
Target	**50%**	**50%**
Gaps	15%	(15%)

Skills Development and Training

A Talent Management Forum was established to provide oversight and ensure talent management strategies are fully implemented to support the Service Delivery Model and the required competencies are in line with JPC's strategy.

JPC's strategy states: "Achieving strategic objectives will require deliberate and systematic changes, through the development of professional capabilities." It further advances arguments for a new approach to building organisational skills and competence. The placement of Employees in the new structure will ensure:

- Positioning and utilisation of the expertise that exists in the merged JPC;
- Obtaining requisite skills and quantity of Employees for each function;
- Anticipating and managing surpluses and shortages of Employees;
- Developing a multi-skilled and flexible workforce that enables the organisation to adapt rapidly to changing operational requirements;
- Defining core competencies and skills;
- Compiling a skills inventory to understand organisational skills base; strengths and development areas of the organisation;
- Obtain key areas of required learning and development in line with the organisation's core functions and priorities; and
- Develop a skills and talent pipeline in line with requisite skills.

JPC is currently engaging with the South African Property Owners Association (SAPOA) to structure the development of the business competencies to meet the current demands and to ensure that all training and development provided by the organisation supports the mandate as defined by the shareholders and supports the core functions of the organisation. The courses identified that will be funded by the organisation to ensure that there is focused training are:

- ICPP – Introduction to Commercial Property Programme;
- ECPP – Essentials to Commercial Property Programme;
- PMP – Property Management Programme;
- CCPP – Certificate for the Commercial Property Practitioner;
- PDP – Property Development Programme;
- IAMP – Immoveable Assets Management Programme;
- IPMP – Intensive Project Management Programme;
- PFP – Property Financial Programme (Basic, Intermediate, Advanced);
- IPLP – International Property Leadership Programme;
- BCTP – Building Construction Management Programme; and
- FMP – Facilities Management Programme.

Specialised skills through bursaries

- Quantity Surveying;
- Corporate Finance/Property Financial Programme;
- Contract Management;
- Health and Safety environment;
- Stakeholder Management;
- Town Planning;
- Business Analysts;
- Lease Agreement;
- Green Economy (SANS 10400); and
- Marketing and Branding.

Skills Development and Training continued

Leadership and management development initiatives

- Defining the requirements of leadership at different levels of the Company (competencies and behaviours);
- Scoping the different leadership development programmes and identifying the most effective combination of mechanisms for leadership development;
- Ensuring leaders are equipped to influence and drive the JPC strategy, culture and operations;
- Ensuring leaders walk the talk and embed the JPC values and culture;
- Holding leaders accountable for people management (optimal utilisation, performance, behaviour, reward and culture of their teams); and
- Instilling a strong work ethic with disciplined team members and that upholds the Code of Conduct at all times.

Training and Development

There were no bursaries for the period under review except for the SAPOA Conference and National Treasury. All other training was deferred to the new financial year while the training budget was being reviewed based on the Company's operational requirements. The total amount spent on training interventions was R912 555.45 for the 2014/2015 financial year. Training was also deferred to the new financial year to ensure that it was focused as outlined HR strategy. Training interventions include Training Courses, Seminars and Conferences.

Below is the breakdown of Employees who attended training for this period under review.

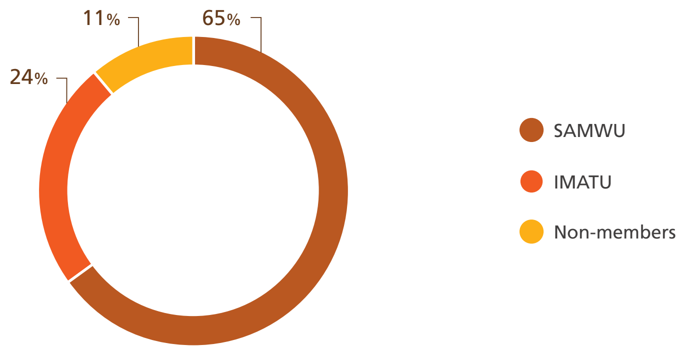
	Male				Female				
Occupational Levels	A	C	I	W	A	C	I	W	**Total**
Top Management	1	0	2	0	0	2	3	0	8
Senior Management	5	0	0	0	7	2	1	1	16
Professionally qualified and experienced specialists and Mid-management	10	1	2	1	13	1	3	2	33
Skilled Technical and academically qualified workers, Junior Management, Supervisors, Foremen, and Superintendents	18	2	1	0	9	2	1	2	35
Semi-skilled and discretionary decision making	19	1	0	0	24	2	0	0	46
Unskilled and defined decision making	15	4	3	2	12	8	1	0	45
TOTAL PERMANENT/FTC	**68**	**8**	**8**	**3**	**65**	**17**	**9**	**5**	**183**
Temporary Employees	1	0	0	0	1	0	0	0	2
GRAND TOTAL	**69**	**8**	**8**	**3**	**66**	**17**	**9**	**5**	**185**

Employee Relations

Union Representation at JPC

As illustrated in the graph below 89% of the workforce is unionised and 11% are non-union members.

Union Representation – June 2015



Disciplinary Cases

For the 2014/2015 financial year, eight misconduct cases were reported of which four cases have been finalised, two pending sanctions and two still in progress.

Case Description	Progress	Outcome
The Employee has been charged with negligence and misappropriation of Company vehicle.	The investigation has been concluded and the incumbent was formally charged and served.	The first hearing was held and the case was postponed. A new date will be scheduled soon.
The Employee absconded from work for more than two months.	Disciplinary hearing conducted and concluded.	Awaiting outcome from the Chairperson.
The Employee was alleged to have committed an irregular expenditure in the payment of goods and services.	Disciplinary hearing conducted and concluded.	The Employee was found guilty of misconduct. The outcome was a final written warning and 10 days' unpaid salary suspension.
The Employee absented himself from work without authorisation.	Hearing scheduled for 24 March 2015.	The Employee was found guilty of the misconduct. A sanction of a written warning and salary suspension (10 days) was meted out.

Employee Health and Wellness

Employee Health and Wellness plays a significant role in influencing the quality of work, productivity, attendance and retention of JPC Employees. Healthy Employees result in a more productive workforce with less absenteeism, fewer accidents, lower healthcare demands and greater overall savings by reducing the incidence of diseases and disability.

A Service Level Agreement between CoJ and JPC was signed by the JPC Chief Executive Officer and CoJ Group Executive Director in April 2015. The agreement includes the management of Occupational and Health Wellness Services in its entirety.

As part of the Health and Wellness Agenda, the next focus area is to conduct a Health Risk Assessment for JPC and it is aimed at:

- Assessing the health status and wellbeing of Employees – to understand the prevalence of diseases that impact our Employees and to drive a structured Wellness Agenda to reduce health risks;
- Identifying a relevant Wellness Programme to feed into a Comprehensive Wellness Plan that will address gaps identified and support our Employees' wellbeing; and
- Demonstrate JPC's support of Employees and enhancing Employee relations.

It is important to note that a total number of thirteen Employees were referred for EAP during this period under review and all the referrals had a positive outcome.

Workforce Movement

Recruitment: In the 2014/2015 financial year, only critical vacancies were filled at Senior Management level. As shown below three permanent appointments were made and two temporary appointments. The three permanent appointments were in line with the EE affirmative action plan and the applicable policies during the 2014/2015 financial year.

Note: A = Africans, C = Coloureds, I = Indians and W = Whites.

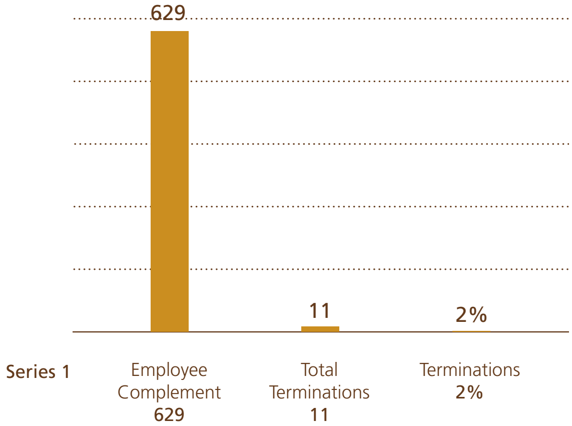
Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	1	0	0	2
Professionally qualified and experienced specialists and Mid-management	0	0	0	0	0	0	0	0	0
Junior Management/Skilled Technical and Superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled/Administration	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	**0**	**0**	**0**	**0**	**2**	**1**	**0**	**0**	**3**
Temporary Employees	0	0	0	0	1	1	0	0	2
GRAND TOTAL	**0**	**0**	**0**	**0**	**3**	**2**	**0**	**0**	**5**

Terminations: A total number of fifty six terminations occurred in the 2014/2015 financial year as per the table below. The majority of terminations consisted of retirements and resignations.

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	0	0	0	1	1	0	0	3
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and Mid-management	2	0	0	1	1	0	0	0	4
Junior Management/Skilled Technical and Superintendents	9	3	1	1	0	1	0	0	15
Semi-skilled/Administration	8	1	0	0	1	0	0	0	10
Unskilled	14	1	2	0	4	2	0	1	24
TEMPS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GRAND TOTAL	**34**	**5**	**3**	**2**	**7**	**4**	**0**	**1**	**56**

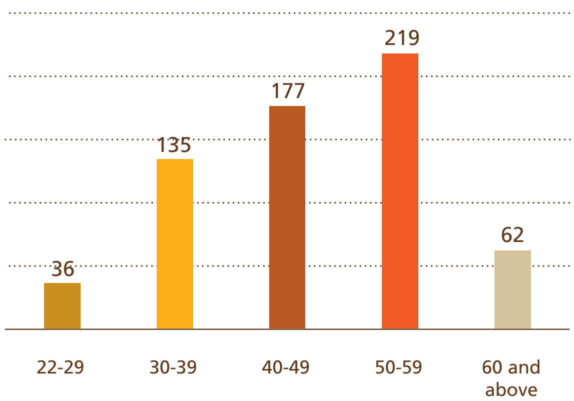
Employee turnover: A 2% reduction in Employee turnover was recorded, which remains at an acceptable level. The analysis is based on permanent Employees only.

Employee Turnover



Age analysis: The graph indicates that JPC has an ageing workforce. Most Employees fall within the age groups between 50 to 59 and above. This indicates that it is imperative to accelerate implementation of youth and skills development as well as succession planning programmes.

JPC Age Analysis



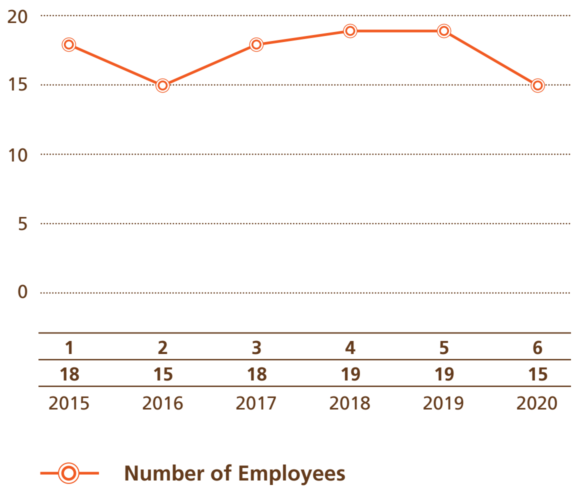
Total: 629

Workforce Movement continued

The finalisation of the lower level structure will give JPC the opportunity to put programmes in place to close the gaps emanating from natural attrition. The main objective is to retain critical skills, while focusing on mentorship and skills transfer.

Retirement trends: The retirement trend graph depicts Employees due for retirement in line with their pension fund rules within the next five years from 2015 to 2020. These statistics will assist Management with workforce planning.

Retirement Trends



Remuneration and Benefits for the 2014/2015 financial year

The Salaries and Allowances quarterly expenditure for 2014/2015

The Salaries and Allowances quarterly expenditure for 2014/2015 economic and social development, and the service delivery objectives of the CoJ.

	JPC total
1st Quarter	46 395 378
2nd Quarter	64 065 450
3rd Quarter	50 899 947
4th Quarter	46 875 369
Total amount	**208 236 144**

Leave Provision reported quarterly for the 2014/2015 financial year

	JPC total
1st Quarter	34 752 472
2nd Quarter	36 678 150
3rd Quarter	28 739 786
4th Quarter	30 476 197
Total amount	**130 646 605**

The Overtime expenditure for 2014/2015 financial year

Overtime Costing For 2014/2015			
Monthly	**Total Employees**	**Total overtime hours claimed**	**Total cost for overtime per month**
1st Quarter	520	12 449	1 225 064
2nd Quarter	520	15 874	1 708 903
3rd Quarter	399	11 272	1 084 091
4th Quarter	351	10 857	987 011
Total amount	**1 790**	**50 452**	**5 005 069**

The total cost of absenteeism per department for 2014/2015 financial year

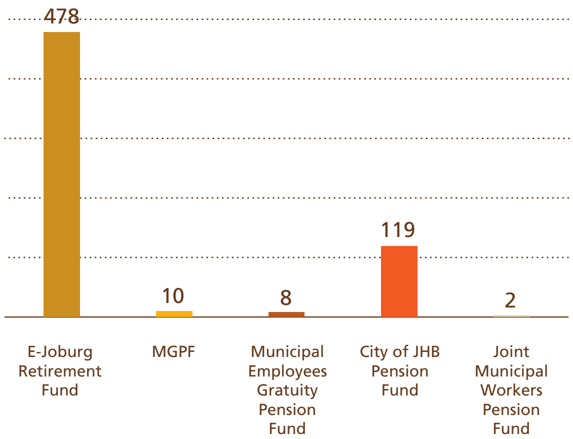
Absenteeism From July 2014 To June 2015		
Department	**Sick Leave Taken Days**	**Cost of Absenteeism**
Asset Management	221	243 698
Finance	316	468 530
Human Resources	83	160 519
Office of Chief Operating Officer	315	460 239
Office of Chief Executive Officer	140	221 716
Property Development	108	210 693
Property Management	270	494 976
Informal Trading	414	308 356
FMM	2461	1 250 711
Total	**4 327**	**3 819 438**

Absenteeism is monitored on an ongoing basis to measure the impact on productivity. Interventions such as training for line managers on how to deal with absenteeism and Employee counselling have been put in place to reduce the cost of absenteeism in the new financial year.

Pension/Retirement and Provident Fund Membership, Defined Contributions and Defined Benefits for the Fourth Quarter (April 2015 to June 2015)

According to the analysis all Employees that do not belong to any of the pension funds are on contract.

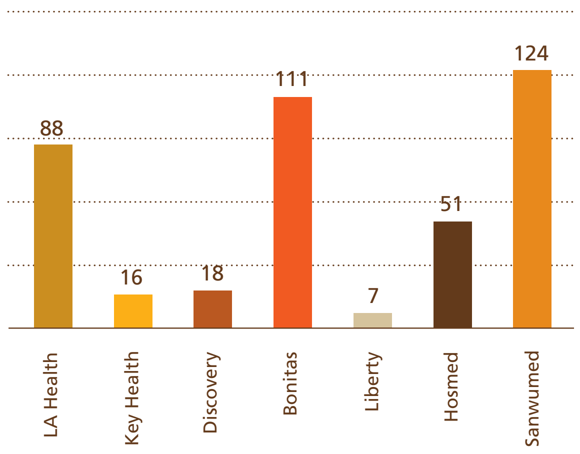
Pension Funds



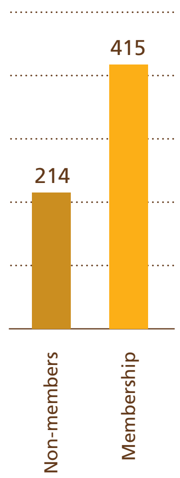
Remuneration and Benefits for the 2014/2015 financial year continued

The graphs below indicate the Accredited Medical Aid Schemes and membership as at 30 June 2015.

Accredited Medical Aid Schemes



Medical Aid Membership



The analysis indicates that 66% of the workforce are members of accredited medical aid schemes and 34% do not belong to any medical aid. Although a decision was taken that it is compulsory for Employees to join a medical aid, most Employees at lower levels are non-members as it is not affordable. On that basis the condition with regard to medical aid will be referred back to the Local Labour Forum for consultation.

Based on management analysis, it was found that the bulk of the non-members are General Workers. This category of Employees, including former FMM Employees, is currently not compelled to join medical aid. Due to risks emanating from the Employees not belonging to a medical aid, the Board resolved that the matter be referred back to the Local Labour Forum for consultation.

An internationally recognised, award-winning commercial development.

The iconic FNB WesBank, Fairland

CHAPTER 5

Financial Performance

Annual Financial Statements
for the year ended 30 June 2015

CoJ Regional Offices People's Square and Mixed-Use development concept design.

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

The following supplementary information does not form part of the financial statements and is unaudited:

Board of Directors' Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act, No 56 of 2003 (MFMA) and Companies Act, No 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended. The External Auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

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

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

The Directors have reviewed the Company's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the Company has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the Company is a going concern.

Although the Board of Directors is primarily responsible for the financial affairs of the Company, they are supported by the Company's External Auditors.

The External Auditors are responsible for independently reviewing and reporting on the Company's financial statements.

The Integrated Annual Report as well as the financial statements set out on pages 79 to 124, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 November 2015 and were signed on its behalf by:

Helen Botes
Chief Executive Officer

Andile Mabizela
Chairperson

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed below, who are required to meet a minimum of four times per annum as per its approved terms of reference. During the current financial year the committee of JPC met six times.

Name of member	Number of meetings attended
Mr T Hickman (Chairperson)	6
Mr N Rau (Non-Executive Director) – retired 03/02/2015	2
Dr N Mabuya (Non-Executive Director) – appointed 03/02/2015	1
Mr V Mokwena (Independent Member)	5
Mr G Mufana (Independent Member)	4
Mr Y Gordhan (Independent Member) – appointed 03/02/2015	1
Ms T Molala (Independent Member) – retired 03/02/2015	5

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Company over financial and risk management are substantially effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Financial Statements, and the Report of the Auditor-General South Africa, it was noted that no matters were reported (besides the matters highlighted by the Auditor-General) that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Quarterly and Annual Reporting

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports and the Integrated Annual Report prepared and issued by Management of the Company during the year under review. The Audit and Risk Committee recommended the Integrated Annual Report of the Company to the Board for approval.

Evaluation of financial statements

The Audit and Risk Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report with the Auditor-General directives;
- reviewed the Auditor-General of South Africa's Report and Management's response thereto;
- reviewed changes, if any, in accounting policies and practices;
- reviewed the entity compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accepts the Auditor-General of South Africa's report on the financial statements, and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Risk management

The Audit and Risk Committee ensures that the Company has effective policies and plans for risk management. The Committee also:

- oversees the development and annual review of risk management policies and plans;
- monitors implementation of risk management policies and plans;
- recommends to the Board on levels of risk tolerance and appetite;
- ensures risk management is integrated into business operations;
- ensures risk management assessments are conducted on a continuous basis;
- ensures frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks; and
- ensures that Management considers and implements appropriate risk responses.

Finance function

The Audit and Risk Committee has considered the expertise and experience of the Chief Financial Officer and is satisfied with the appointment of the Chief Financial Officer. The Committee has reviewed and considered the experience and resources available to the Company's finance function and is satisfied with the resources.

Internal Audit

The Audit and Risk Committee is satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the Company and its audits.

Auditor-General of South Africa

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

Thomas Hickman
Chairperson of the Audit and Risk Committee

30 November 2015

Auditor's Report

Report of the Auditor-General to the Gauteng Provincial Legislature and the Council of the City of Johannesburg Metropolitan Municipality on City of Joburg Property Company SOC Ltd.

Report on the financial statements

Introduction

1. I have audited the financial statements of the City of Joburg Property Company SOC Ltd set out on pages 90 to 132, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended and the statement of comparison of budget and actual amounts, appropriation statement, as well as the notes comprising a summary of significant accounting policies and other explanatory information.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003)(MFMA) and the Companies Act of South Africa, 2008 (No 71 of 2008), 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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, (Act No 25 of 2004)(PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the City of Joburg Property Company SOC Ltd as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in Note 38 to the financial statements, the corresponding figures for 30 June 2014 were restated as a result of errors discovered by Management in the financial statements of the municipal entity during the year ended 30 June 2015.

Additional matter

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

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

11. 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 findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2015:
    - Objective 1: Sustainable human settlements on page 137;
    - Objective 3: Financially and administratively sustainable and resilient city on page 137;
    - Objective 4: Transit oriented development – priority areas (corridors/nodes) on page 137; and
    - Objective 5: Investment attraction, retention and expansion on page 137.

13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information* (FMPPI).

15. I did not identify material findings on the usefulness and reliability of the reported performance information for the following objectives:
    - Objective 1: Sustainable human settlements;
    - Objective 3: Financially and administratively sustainable and resilient city;
    - Objective 4: Transit-oriented development – priority areas (corridors/nodes); and
    - Objective 5: Investment attraction, retention and expansion.

Auditor's Report continued

Additional matters

16. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

17. Refer to the annual performance report on pages 52 to 55 for information on the achievement of the planned targets for the year.

Unaudited supplementary schedules

18. The supplementary information set out on pages 133 to 134 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

19. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg
30 November 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Board of Directors' Report

The Directors have pleasure in submitting to the Shareholders their report together with the annual financial statements for the year ended 30 June 2015.

1. Incorporation

The Company was incorporated on 27 July 2000 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The Company is a Municipal Entity. The principal activity of the Company is the Property and Facilities Management functions and where appropriate, to provide property services in respect of the City of Johannesburg Metropolitan Municipality and its entities. The Company operates only in South Africa.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The net deficit of the Company before taxation was R83 723 431 (2014: deficit R6 663 771), after taxation it was a deficit of R58 933 327 (2014: deficit R9 689 142).

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 from the City of Johannesburg 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.

4. Subsequent events

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report in respect of matters which would require adjustments to or disclosure in the annual financial statements.

5. Directors' personal financial interest

Directors' personal financial interest in any contracts have been disclosed and no Directors, both executive and non-executive, have any interest in contracts with the Company.

6. Share capital

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

7. Borrowing limitations

In terms of the sale of business agreement, the City of Joburg Property Company SOC Ltd 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.

8. Non-current assets

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

9. Dividends

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

Board of Directors' Report continued

10. Directors

The Directors of the Company during the year ended 30 June 2015 were as follows:

Name	Nationality	Changes in appointment
Ms HM Botes – Chief Executive Officer	South African	
Mr A Mabizela – Chairperson	South African	
Mr IM Bhamjee – Chief Financial Officer	South African	
Prof AN Nevhutanda	South African	
Mr FD Ntombela	South African	
Mr J Mabaso	South African	Retired – 03/02/2015
Mr T Hickman	South African	
Ms PP Msweli	South African	
Mr MC Kai	South African	Appointed – 03/02/2015
Mr MJ Rabodila	South African	
Dr N Mabuya	South African	Appointed – 03/02/2015
Mr MM Morojele	South African	
Mr N Rau	South African	Retired – 03/02/2015

11. Company Secretary

Verusha Morgan is the Company Secretary.

Business address	33 Hoofd Street Forum II Braam Park Braamfontein 2000
Postal address	PO Box 31565 Braamfontein 2017

12. Corporate governance

12.1 General

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

The City of Joburg Property Company confirms and acknowledges its responsibility to comply with the Code of Governance Principles (the Code) as laid out in the King Report on Corporate Governance for South Africa 2009 (King III Report). The Board of Directors discusses the responsibilities of Management in this respect at Board meetings and monitors the Company's compliance with the code on a yearly basis.

12.2 Board of Directors

The Board

- retains full control over the Company, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the Company; and

- is of a unitary structure comprising:
  - 9 Non-Executive Directors, all of whom are independent (as defined by the Code); and
  - 2 Executive Directors.

12.3 Chairperson and the Chief Executive Officer

The Chairperson is a Non-Executive and Independent Director (as defined by the Code).

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

12.4 Remuneration

The upper limits of the remuneration of the Senior Managers, including the Chief Executive Officer, are determined by the Shareholders and ratified by the Board of Directors. The Human Resources and Remuneration Committee (REMCO) advises the Board on Human Resource policies, remuneration and other conditions. The members of the REMCO sub-committee are Mr MJ Rabodila (Chairperson), Prof AN Nevhutanda, Mr FD Ntombela and Dr N Mabuya. Mr N Rau served on the committee prior to his retirement by the shareholders on 3 February 2015.

12.5 Board of Directors' meetings

The Board of Directors is required to meet a minimum of four times per annum. During the current financial year the Board of Directors of JPC met on 11 separate occasions.

Non-Executive Directors have access to all members of Management of the Company.

Name	Board	Audit and Risk Committee	Transfor-mation Committee	Transaction Committee	Remuneration and HR Committee	Social and Ethics Committee
Mr A Mabizela (Chairperson)	11					
Mr J Mabaso (retired 03/02/2015)	9		1	2		2
Mr FD Ntombela	11		2	4	6	
Mr MJ Rabodila	10		2	3	6	
Prof AN Nevhutanda	9			3	5	
Mr T Hickman	9	6	1	1		1
Mr N Rau (retired 03/02/2015)	3	2			3	2
Ms PP Msweli	11		2	3		
Mr MM Morojele	9			2		3
Mr MC Kai	2					1
Dr N Mabuya	2	1		1	1	1
Total number of meetings held	**11**	**6**	**2**	**4**	**6**	**3**

12.6 Audit and Risk Committee

The Audit and Risk Committee has two Non-Executive Directors, Mr T Hickman (Chairperson) and Dr N Mabuya (appointed 3 February 2015). The Audit and Risk Committee of JPC met six times during the 2015 financial year to review matters necessary to fulfil its role.

In terms of section 166 of the MFMA, City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that Non-Executive Directors appointed by the parent municipality constituted the Municipal Entity's (ME) Audit and Risk

Board of Directors' Report continued

Committees, National Treasury policy requires that parent municipalities should appoint further members of the ME Audit and Risk Committees who are not directors of the ME onto the Audit and Risk Committee and these independent members are Ms T Molala (retired 3 February 2015), Mr V Mokwena, Mr G Mufana and Mr Y Gordhan (appointed 3 February 2015). The Audit and Risk Committee has fulfilled its responsibilities as provided for in section 166 of the MFMA.

12.7 Social and Ethics Committee

The Social and Ethics Committee is a committee consisting of the following four members: Mr MM Morojele (Chairperson), Mr T Hickman, Dr N Mabuya (appointed 3 February 2015) and Mr MC Kai (appointed 3 February 2015). Mr N Rau and Mr J Mabaso were retired by the Shareholders on 3 February 2015. The function of the committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the Company's social and economic development, including the organisation's standing in terms of the goals and purposes; good corporate citizenship; the environment; health and public safety; consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws; and labour and employment in terms of section 43(5) of the Companies Act.

12.8 Transformation Committee

The Transformation Committee is a committee consisting of five Non-Executive Directors: Mr FD Ntombela (Chairperson), Mr MJ Rabodila, Ms PP Msweli, Mr T Hickman and Mr MC Kai (appointed 3 February 2015). Mr J Mabaso was retired at the Shareholders' AGM on 3 February 2015. The Committee is mandated to develop the Transformation Policy, oversee and ensure the alignment of transformation strategy and plans proposed by the JPC corporate strategy, monitor the development and implementation of transformation strategies and define how JPC will transform the property industry.

12.9 Transactions and Service Delivery Committee

The Transactions and Service Delivery Committee consists of seven members: Prof AN Nevhutanda (Chairperson), Mr MM Morojele, Mr MJ Rabodila, Ms PP Msweli, Mr FD Ntombela, Dr N Mabuya and Mr MC Kai. Mr J Mabaso was retired at the Shareholders' AGM on 3 February 2015.
The primary objective of the Committee is to assist the Board in discharging its responsibility by considering all reports relating to property transactions. The Committee also ensures that revenue generation targets are achieved in relation to the property portfolio and to make the necessary recommendations to the Board or CoJ to ensure that service delivery is enhanced and property-related transactions are concluded efficiently within the legal framework that JPC and the CoJ operates in.

12.10 Internal Audit

The Company's Internal Audit function is performed by Nexia SAB&T. This is in compliance with the MFMA.

13. Controlling entity

The Company's controlling entity is the City of Johannesburg Metropolitan Municipality incorporated in South Africa.

14. Auditors

The Auditor-General: Gauteng will continue in office in accordance with the Public Audit Act, No 25 of 2005 and section 92 of the MFMA.

Company Secretary’s Certification

Declaration by the Company Secretary in respect of section 88(2)(e) of the Companies Act

In my capacity as Company Secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act, No 71 of 2008 of South Africa, that for the year ended 30 June 2015, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required in terms of this Act and that all such returns, to the best of my knowledge, are true, correct and up-to-date.

Verusha Morgan
Company Secretary
City of Joburg Property Company SOC Ltd

Statement of Financial Position
as at 30 June 2015

Figures in Rand	Note	2015	2014 Restated*
ASSETS			
Current Assets			
Loans to shareholders	3	**–**	17 061 282
Current tax receivable	5	**10 728 931**	10 728 931
Receivables from exchange transactions	6	**253 173 965**	388 969 092
Receivables from non-exchange transactions	7	**2 600 636**	2 479 370
Prepayments	8	**314 598**	692 455
Cash and cash equivalents	9	**2 000**	2 000
		266 820 130	419 933 130
Non-Current Assets			
Property, plant and equipment	12	**18 186 742**	17 014 457
Intangible assets	13	**12 988 156**	9 165 154
Deferred tax	14	**37 331 909**	12 413 710
Prepayments	8	**809 582**	904 532
Deposits	10	**121 986**	480 628
		69 438 375	39 978 481
Total Assets		**336 258 505**	459 911 611
LIABILITIES			
Current Liabilities			
Loans from shareholders	3	**236 036 728**	298 986 896
Finance lease obligation	15	**3 280 586**	1 454 282
Operating lease liability	4	**1 040 749**	836 456
Payables from exchange transactions	16	**40 317 012**	36 245 450
Deferred income	17	**4 701 750**	6 364 000
Provisions	18	**745 928**	2 949 392
		286 122 753	346 836 476
Non-Current Liabilities			
Finance lease obligation	15	**1 756 283**	1 416 230
Employee benefit obligation	11	**1 223 546**	996 000
Deferred income	17	**–**	4 701 750
Deferred tax	14	**4 138 391**	4 010 296
		7 118 220	11 124 276
Total Liabilities		**293 240 973**	357 960 752
Net Assets		**43 017 532**	101 950 859
NET ASSETS			
Share Capital	19	**5 142 721**	5 142 721
Accumulated Surplus		**37 874 811**	96 808 138
Total Net Assets		**43 017 532**	101 950 859

** See Note 38.*

Statement of Financial Performance

Figures in Rand	Note	2015	2014 Restated*
Revenue	20	**305 339 899**	377 993 012
Other income	21	**1 183 588**	95 837
Operating expenses		**(382 554 117)**	(379 819 156)
Operating deficit		**(76 030 630)**	(1 730 307)
Investment revenue	22	**24 403**	81 371
Finance costs	23	**(7 717 204)**	(5 014 835)
Deficit before taxation		**(83 723 431)**	(6 663 771)
Taxation	27	**24 790 104**	(3 025 371)
Deficit for the year		**(58 933 327)**	(9 689 142)

** See Note 38.*

Statement of Changes in Net Assets

Figures in Rand	Note	Share capital	Share premium	Total share capital	Accumulated surplus	Total equity
Opening balance as previously reported		1 000	5 141 721	5 142 721	113 271 020	118 413 741
Adjustments						
Prior year adjustments	38	–	–	–	(13 706 905)	(13 706 905)
Balance at 1 July 2013		**1 000**	**5 141 721**	**5 142 721**	**99 564 115**	**104 706 836**
Changes in net assets						
Deficit for the year		–	–	–	(9 689 142)	(9 689 142)
Gains from transfer of functions of entities under common control	38	–	–	–	6 933 165	6 933 165
Total changes		–	–	–	(2 755 977)	(2 755 977)
Opening balance as previously reported		1 000	5 141 721	5 142 721	94 660 610	99 803 331
Adjustments						
Prior year adjustments	38	–	–	–	2 147 528	2 147 528
Balance at 1 July 2014 as restated		**1 000**	**5 141 721**	**5 142 721**	**96 808 138**	**101 950 859**
Changes in net assets						
Deficit for the year		–	–	–	(58 933 327)	(58 933 327)
Total changes		–	–	–	(58 933 327)	(58 933 327)
Balance at 30 June 2015		**1 000**	**5 141 721**	**5 142 721**	**37 874 811**	**43 017 532**
Notes		19	19	19		

Cash Flow Statement

Figures in Rand	Note	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Rendering of services		**441 339 886**	78 799 683
Grants		**–**	25 282 000
Interest income		**24 403**	81 371
		441 364 289	104 163 054
Payments			
Employee costs		**(192 170 635)**	(176 837 239)
Suppliers		**(191 551 530)**	(238 360 037)
Finance costs		**(7 161 959)**	(5 014 835)
Taxes on surpluses	5	**–**	(7 431 285)
		(390 884 124)	(427 643 396)
Net cash flows from operating activities	29	**50 480 165**	(323 480 342)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(140 000)**	(3 611 420)
Proceeds/(loss) from sale of property, plant and equipment	12	**47 345**	(240 955)
Purchase of other intangible assets	13	**–**	(271 393)
Receipts from deposits		**204 216**	–
Net cash flows from investing activities		**111 561**	(4 123 768)
Cash flows from financing activities			
Net movement of shareholders' loan		**(45 888 886)**	330 032 428
Finance lease payments		**(4 702 840)**	(2 428 318)
Net cash flows from financing activities		**(50 591 726)**	327 604 110
Cash and cash equivalents at the beginning of the year		**2 000**	2 000
Cash and cash equivalents at the end of the year	9	**2 000**	2 000

** See Note 38.*

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjust-ments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	102 735 000	–	**102 735 000**	53 705 137	**(49 029 863)**	Appendix E (1)
Rental facilities and equipment	414 674 000	–	**414 674 000**	249 957 627	**(164 716 373)**	Appendix E (1)
Third party development fees	–	–	**–**	1 677 135	**1 677 135**	Appendix E (1)
Overprovision of accruals	–	–	**–**	1 183 588	**1 183 588**	Appendix E (1)
Interest received	–	–	**–**	24 403	**24 403**	Appendix E (1)
Total revenue from exchange transactions	**517 409 000**	**–**	**517 409 000**	**306 547 890**	**(210 861 110)**	
EXPENDITURE						
Personnel	(209 018 000)	–	**(209 018 000)**	(190 736 864)	**18 281 136**	Appendix E (1)
Depreciation and amortisation	(5 030 000)	–	**(5 030 000)**	(3 765 722)	**1 264 278**	Appendix E (1)
Impairment loss/reversal of impairments	–	–	**–**	4 072 319	**4 072 319**	Appendix E (1)
Finance costs	(855 000)	–	**(855 000)**	(7 717 204)	**(6 862 204)**	Appendix E (1)
Bad debts	(2 053 000)	–	**(2 053 000)**	(154 425)	**1 898 575**	Appendix E (1)
Repairs and maintenance	(27 128 000)	–	**(27 128 000)**	(26 963 026)	**164 974**	Appendix E (1)
General expenses	(180 491 000)	–	**(180 491 000)**	(161 789 515)	**18 701 485**	Appendix E (1)
Total expenditure	**(424 575 000)**	**–**	**(424 575 000)**	**(387 054 437)**	**37 520 563**	
Operating deficit	92 834 000	–	**92 834 000**	(80 506 547)	**(173 340 547)**	
Loss on disposal of assets and liabilities	–	–	**–**	(3 216 884)	**(3 216 884)**	Appendix E (1)
Deficit before taxation	92 834 000	–	**92 834 000**	(83 723 431)	**(176 557 431)**	
Taxation	–	–	**–**	(24 790 104)	**(24 790 104)**	Appendix E (1)
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	**92 834 000**	**–**	**92 834 000**	**(58 933 327)**	**(151 767 327)**	

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of f inal budget	Actual outcome as % of original budget
2015											
Financial performance											
Investment revenue	–	–	–	–		–	24 403		24 403	0	0
Other own revenue	517 409 000	–	517 409 000	–		517 409 000	306 523 487		(210 885 513)	59%	59%
Total revenue (excluding capital transfers and contributions)	**517 409 000**	**–**	**517 409 000**	**–**		**517 409 000**	**306 547 890**		**(210 861 110)**	**59%**	**59%**
Employee costs	(209 018 000)	–	(209 018 000)			(209 018 000)	(190 736 864)	–	18 281 136	91%	91%
Debt impairment	(2 053 000)	–	(2 053 000)			(2 053 000)	(154 425)	–	1 898 575	8%	8%
Depreciation and asset impairment	(5 030 000)	–	(5 030 000)			(5 030 000)	306 597	–	5 336 597	(6%)	(6%)
Finance charges	(815 000)	–	(815 000)	–	–	(815 000)	(7 717 204)	–	(6 902 204)	947%	947%
Other expenditure	(207 659 000)	–	(207 659 000)	–	–	(207 659 000)	(191 969 425)	–	15 689 575	92%	92%
Total expenditure	**(424 575 000)**	**–**	**(424 575 000)**	**–**	**–**	**(424 575 000)**	**(390 271 321)**	**–**	**34 303 679**	**92%**	**92%**
Surplus	**92 834 000**	**–**	**92 834 000**	**–**		**92 834 000**	**(83 723 431)**		**(176 557 431)**	**(90%)**	**(90%)**
Taxation	–	–	–	–		–	(24 790 104)		(24 790 104)	0	0
Surplus for the year	**92 834 000**	**–**	**92 834 000**	**–**		**92 834 000**	**(58 933 327)**		**(151 767 327)**	**(63%)**	**(63%)**

Accounting Policies

1. Presentation of Financial Statements

The 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, No 56 of 2003 (MFMA).

These 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. They are presented in South African Rand.

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

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets
GRAP 105	Transfer of functions of entities under common control

The accounting policies are consistent with the previous period.

1.1 Transfer of functions between entities under common control

Definitions

An acquirer is the entity that obtains control of the acquiree or transferor.

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

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

A transferor is the entity that relinquishes control of a function.

Common control – For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it;
- Process: Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates or has the ability to create outputs; and
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the entity derecognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the entity reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjusts the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The entity considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The entity recognises an increase/(decrease) in the provisional amount recognised for an asset/(liability) by means of decreasing/(increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

Accounting Policies continued

During the measurement period, the entity recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the entity revises comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the entity revises the accounting for a transfer of functions only to correct an error in accordance with the standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Subsequent measurement

The entity subsequently measures any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable standards of GRAP.

At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other standards of GRAP subsequently. The entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.2 Significant judgements and sources of estimation uncertainty

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

Provisions

Provisions were raised and Management determined an estimate based on the information available. Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Expected manner of realisation for deferred tax

Deferred tax is provided for based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer to Note 11 – Deferred tax.

Taxation

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

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

Effective interest rate

The Company used the City of Johannesburg Metropolitan Municipality average borrowing rate as a point of departure and a basis of discounting financial instruments.

1.3 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost 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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Accounting Policies continued

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

Item	Average useful life
Land	Indefinite
Buildings	25 years
Leasehold property	Term of lease
Plant and machinery	10 years
Furniture and fixtures	16 years
Office equipment	8 years
IT equipment	7 years
Leased equipment	Term of lease

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

Assets held under finance lease agreement are depreciated over the term of lease. Refer to Note 12.

1.4 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.

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

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

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; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

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

Item	Useful life
Computer software, internally generated	Indefinite
Computer software	7 years

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 is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Initial recognition and measurement

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

The Company 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.

Loans to/(from) Group Companies

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

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounting Policies continued

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Loans to group companies are classified as loans and receivables.

Loans to Shareholders

These financial assets are initially measured at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to Group Company (City of Johannesburg Metropolitan Municipality) 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 uncollectible, 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.

Amounts that are receivable within 12 months from the reporting date are classified as current.

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 and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

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.

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.

1.6 Current and Deferred Tax

Current tax assets and liabilities

The tax currently payable is based on taxable income for the year. Taxable income differs from surplus as reported in the statement of financial performance, because it includes income and expenses that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible.

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 reporting date.

Deferred tax assets and liabilities

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position method.

Accounting Policies continued

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tax expenses

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

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

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

1.7 Leases

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

Finance leases – lessee

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

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

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

Finance charges are charged to surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy of borrowing costs.

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. Payments made in entering into or acquiring leasehold that is accounted for as an operating lease are amortised over the lease term.

1.8 Impairment of assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or (deficit). Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 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 Company are classified according to the substance of the contractual arrangements entered into.

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

1.10 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.

Accounting Policies continued

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as and when they fall due. The Company has no further payment obligations once the contributions have been paid.

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.

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.

Actuarial surpluses or (deficits) within the financial year are recognised in the surplus or (deficit).

Surpluses or (deficits) on the curtailment or settlement of a defined benefit plan are recognised when the Company is demonstrably committed to curtailment or settlement.

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.

Other post-retirement obligations

The Company provides post-retirement health care benefits to some Employees. The entitlement to these benefits is usually 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. Valuations of these obligations are carried out by independent qualified actuaries.

1.11 Provisions and contingencies

Provisions are recognised when:

- the Company 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.

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 Company 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 not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

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 statement of financial position 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 associated with the transaction will flow to the Company; 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 shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue for the entity, comprises of commission and third party development fees.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for a recognition as an asset and there is no liability to repay the amount.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it cannot be linked to the borrowing requirements of an entity which relates directly to the nature of the expenditure to be funded, i.e. capital or current.

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

1.15 Comparative figures

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

1.16 Deferred income

Revenue received in advance is recognised as income to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.17 Budget information

Budget information is prepared in conformity with the accounting policies for preparing and presenting the financial statements.

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 1 July 2015 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to Management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to Management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved by an entity within a particular region.

This standard has been approved by the Board, but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 – Transitional provisions for public entities, municipal entities and constitutional institutions state that no comparative segment information needs to be presented on initial adoption of this standard.

The effective date of the standard is for years beginning on or after 1 April 2016.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; and
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of Employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- Management;
- related parties;
- remuneration; and
- significant influence.

The standard sets out the requirements, *inter alia*, for the disclosure of:

- control;
- related party transactions; and
- remuneration of Management.

The effective date of the standard is for years beginning on or after 1 April 2016.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

Notes to the Financial Statements continued

Figures in Rand	2015	2014
3. Loans to/(from) shareholders		
City of Johannesburg Metropolitan Municipality – Unsecured (Portfolio)	–	11 919 261
The City of Johannesburg Metropolitan Municipality Portfolio Loan Account includes commissions accrued. The loan does not bear any interest and is repayable within 12 months.		
City of Johannesburg Metropolitan Municipality – Unsecured loan – CoJ Housing	–	5 142 021
The loan was raised at year-end to account for transfer of properties over the financial year-end.		
Sweeping account	**(114 641 440)**	(207 740 608)
The Sweeping Account bears interest at an average call rate of per annum irrespective of the balance being favourable or not.	**5.7%**	
City of Johannesburg – Group Corporate Shared Services	**(121 395 288)**	(91 246 288)
Loan payable to Group Corporate Shared Services for the FMM payroll		
	(236 036 728)	(281 925 614)
Current assets	–	17 061 282
Current liabilities	**(236 036 728)**	(298 986 896)
	(236 036 728)	(281 925 614)
4. Operating lease liability		
Current liabilities	**(1 040 749)**	(836 456)

The operating lease liability was as a result of an office rental agreement for head office and corporate building accommodation (refer to Note 28).

Figures in Rand	2015	2014
5. Tax paid		
Balance at the beginning of the year	**10 728 931**	6 348 723
Current tax for the year recognised in surplus or (deficit)	–	(3 051 075)
Balance at the end of the year	**(10 728 931)**	(10 728 931)
	–	(7 431 283)
6. Receivables from exchange transactions		
Trade debtors	–	3 536 192
Provision for bad debts	–	(70 894)
Related party debtors	**253 173 965**	385 503 794
	253 173 965	388 969 092
6.1 Trade and other receivables due but not impaired		
The ageing of these debtors are as follows:		
Over 6 months	–	3 536 192

Figures in Rand		2015	2014
7.	**Receivables from non-exchange transactions**		
	Employee debtors	**178 778**	57 512
	SARS VAT debtor	**2 421 858**	2 421 858
		2 600 636	2 479 370
8.	**Prepayments**		
	Current assets	**314 598**	692 455
	Non-current assets	**809 582**	904 532
		1 124 180	1 596 987

Current assets

Prepayments of software licences to be amortised over the 2015/16 financial year.

Non-current assets

The long-term portion of the prepayment received from Bayete Consulting for professional services. This is to be amortised over the course of the lease agreement signed by JPC for the Hoofd Street head office.

Figures in Rand		2015	2014
9.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Cash on hand	**2 000**	2 000

The Company's cheque account is swept on a daily basis in terms of an agreement with the City of Johannesburg Metropolitan Municipality (CoJ) in order to facilitate better cash flow management on an entity-wide basis. Cash is readily available at all times and the sweeping has no effect on its availability.

10. Deposits

Deposits held by municipal debtors for MTC informal trading facilities.

In the 2014/15 financial year miscellaneous municipal deposits that could not be identified were written off. The services of eGoli Gas are no longer required and JPC has been refunded the deposit of R204 216.

Figures in Rand	2015	2014
Eskom – Baragwanath	**121 986**	121 986
eGoli Gas	**–**	204 216
Miscellaneous	**–**	154 426
	121 986	480 628

Notes to the Financial Statements continued

11. Employee benefit obligations

Defined benefit plan

Post-retirement medical aid plan

Actuarial valuations are done at an interval of not more than three years using the projected unit credit method.

The amounts recognised in the statement of financial position are as follows:

Figures in Rand	2015	2014
Carrying value		
Present value of the defined benefit obligation	**(996 000)**	(879 000)
Net expense recognised in the statement of financial performance	**(227 546)**	(117 000)
	(1 223 546)	(996 000)
Net expense recognised in the statement of financial performance		
Current service cost	**(85 000)**	(82 000)
Interest cost	**(92 000)**	(72 000)
Actuarial (gains)/losses	**(50 546)**	37 000
	(227 546)	(117 000)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	**8.49%**	7.89%
Medical cost trend rates	**7.67%**	6.67%
Rate of increase in employer post-medical contribution subsidy payments	**8.49%**	7.89%

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-retirement medical aid subsidies.

Employees over the age of 55 on 1 July 2003 will get a 60% subsidy on retirement. Employees over the age of 50 but under age of 55 will get a 50% subsidy on retirement. Employees under the age of 50 on 1 July 2003 will not receive any post-retirement medical aid subsidy.

12. Property, plant and equipment

	2015			2014		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	**487 200**	**–**	**487 200**	487 200	–	487 200
Buildings	**6 350 957**	**(4 521 681)**	**1 829 276**	6 350 957	(4 267 642)	2 083 315
Plant and machinery	**1 714 279**	**(389 135)**	**1 325 144**	2 775 146	(370 740)	2 404 406
Furniture and fixtures	**4 989 168**	**(1 006 393)**	**3 982 775**	6 074 583	(829 468)	5 245 115
Office equipment	**999 891**	**(309 196)**	**690 695**	1 618 794	(254 023)	1 364 771
IT equipment	**3 593 229**	**(1 432 926)**	**2 160 303**	2 904 650	(1 238 257)	1 666 393
Leasehold improvements	**965 290**	**(312 652)**	**652 638**	965 290	(216 124)	749 166
Capitalised leased office equipment	**12 693 794**	**(5 635 083)**	**7 058 711**	9 607 352	(6 593 261)	3 014 091
Total	**31 793 808**	**(13 607 066)**	**18 186 742**	30 783 972	(13 769 515)	17 014 457

Reconciliation of property, plant and equipment – 2015

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	**487 200**	**–**	**–**	**–**	**487 200**
Buildings	**2 083 315**	**–**	**–**	**(254 039)**	**1 829 276**
Plant and machinery	**2 404 406**	**–**	**(903 309)**	**(175 953)**	**1 325 144**
Furniture and fixtures	**5 245 115**	**–**	**(946 477)**	**(315 863)**	**3 982 775**
Office equipment	**1 364 771**	**–**	**(546 639)**	**(127 437)**	**690 695**
IT equipment	**1 666 393**	**1 183 588**	**(177 504)**	**(512 174)**	**2 160 303**
Leasehold improvements	**749 166**	**–**	**–**	**(96 528)**	**652 638**
Capitalised leased office equipment	**3 014 091**	**6 319 149**	**(84 032)**	**(2 190 497)**	**7 058 711**
	17 014 457	**7 502 737**	**(2 657 961)**	**(3 672 491)**	**18 186 742**

Notes to the Financial Statements continued

12. Property, plant and equipment continued

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	487 200	–	–	–	–	487 200
Buildings	2 337 353	–	–	–	(254 038)	2 083 315
Plant and machinery	–	51 836	–	2 668 899	(316 329)	2 404 406
Furniture and fixtures	1 675 003	1 837 494	(232 697)	2 295 845	(330 530)	5 245 115
Office equipment	633 109	432 195	(104 359)	631 707	(227 881)	1 364 771
IT equipment	472 108	258 657	(2 790)	1 333 455	(395 037)	1 666 393
Leasehold improvements	836 869	8 100	–	–	(95 803)	749 166
Capitalised leased office equipment	4 597 688	1 023 138	(9 986)	–	(2 596 749)	3 014 091
	11 039 330	3 611 420	(349 832)	6 929 906	(4 216 367)	17 014 457

The following leased assets are included in property, plant and equipment listed above:

	2015			2014		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	**965 290**	**(312 652)**	**652 638**	965 290	(216 124)	749 166
Leased office equipment	**12 693 794**	**(5 635 083)**	**7 058 711**	9 607 352	(6 593 261)	3 014 091
Total	**13 659 084**	**(5 947 735)**	**7 711 349**	10 572 642	(6 809 385)	3 763 257

Details of properties

Figures in Rand	**2015**	2014
Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
Land		
– Cost	**487 200**	487 200
Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
Buildings		
– Cost	**6 350 957**	6 350 957
– Accumulated depreciation	**(4 521 681)**	(4 267 642)
	1 829 276	2 083 315

During the year under review the computer equipment with a fair value of R1 183 588 was donated to the entity subsequent to the expiry of a finance lease contract and additional assets were also acquired for a consideration of R6 264 949.

13. Intangible assets

	2015			2014		
	Cost	**Accumulated amortisation and accumulated impairment**	**Carrying value**	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	**12 761 889**	**–**	**12 761 889**	12 761 889	(4 072 319)	8 689 570
Computer software	**296 086**	**(69 819)**	**226 267**	786 811	(311 227)	475 584
Total	**13 057 975**	**(69 819)**	**12 988 156**	13 548 700	(4 383 546)	9 165 154

Reconciliation of intangible assets – 2015

	Opening balance	**Disposals**	**Amortisation**	**Impairment reversal**	**Total**
Computer software, internally generated	**8 689 570**	**–**	**–**	**4 072 319**	**12 761 889**
Computer software	**475 584**	**(156 721)**	**(92 596)**	**–**	**226 267**
	9 165 154	**(156 721)**	**(92 596)**	**4 072 319**	**12 988 156**

Reconciliation of intangible assets – 2014

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Computer software, internally generated	8 689 570	–	–	–	–	8 689 570
Computer software	348 795	271 393	(1 176)	3 260	(146 688)	475 584
	9 038 365	271 393	(1 176)	3 260	(146 688)	9 165 154

Impairment of R4 072 319 previously raised in the 2012/13 financial year has been reversed in the 2014/15 financial year.

Notes to the Financial Statements continued

Figures in Rand	2015	2014
14. Deferred tax		
Deferred tax liability		
Prepaid expenses	**(26 110)**	(193 887)
Property, plant, equipment and intangibles	**(3 546 165)**	(3 765 425)
Finance lease liability	**(566 116)**	(50 984)
Total deferred tax liability	**(4 138 391)**	(4 010 296)
Deferred tax asset		
Provision for post-retirement medical aid	**342 593**	278 880
Provision for leave pay	**2 758 933**	2 927 152
Provision for bonuses	**2 384 061**	–
Trade and other receivables	**–**	14 887
Income received in advance	**1 316 490**	3 098 410
Straightlining of operating leases	**291 410**	234 208
Provision for pension fund	**–**	603 811
Losses	**30 238 422**	5 256 362
Total deferred tax asset	**37 331 909**	12 413 710
Deferred tax liability	**(4 138 391)**	(4 010 296)
Deferred tax asset	**37 331 909**	12 413 710
Total net deferred tax asset	**33 193 518**	8 403 414
Reconciliation of deferred tax asset		
At the beginning of the year	**8 403 414**	8 371 450
Increase/(decrease) in tax loss available for set off against future taxable income	**24 790 104**	31 964
	33 193 518	8 403 414

JPC will receive a subsidy from 2015/16 of R329 million to fund the operations of the entity. It is anticipated that there will be profits in the forseeable future upon which losses incurred in the 2014/15 financial year can be offset against.

Figures in Rand	2015	2014
15. Finance lease obligation		
Minimum lease payments due		
– Not later than one year	**3 607 209**	1 501 782
– Later than one year and not later than 5 years	**1 803 605**	1 654 018
	5 410 814	3 155 800
Less: Future finance charges	**(373 945)**	(285 288)
Present value of minimum lease payments	**5 036 869**	2 870 512
Present value of minimum lease payments due		
– Not later than one year	**3 280 586**	1 416 230
– Later than one year and not later than 5 years	**1 756 283**	1 454 282
	5 036 869	2 870 512
Non-current liabilities	**1 756 283**	1 416 230
Current liabilities	**3 280 586**	1 454 282
	5 036 869	2 870 512

It is Company policy to lease certain equipment under finance leases; These assets are leased over a period of two to five years at a prime rate of 9.5%, and are secured by the assets financed (refer to Note 12).

Figures in Rand		2015	2014
16.	**Payables from exchange transactions**		
	Trade and other payables	**15 432 254**	1
	Accrued leave pay	**9 853 328**	10 425 262
	Accruals	**15 031 430**	25 820 187
		40 317 012	36 245 450
17.	**Deferred income**		
	Movement during the year		
	Balance at the beginning of the year	**11 065 750**	17 429 750
	Income recognition during the year	**(6 364 000)**	(6 364 000)
		4 701 750	11 065 750
	Non-current liabilities	**–**	4 701 750
	Current liabilities	**4 701 750**	6 364 000
		4 701 750	11 065 750

The above deferred income relates to commission received on the conclusion of the five-year lease agreement relating to outdoor advertising. The remaining period is nine months.

18. Provisions

Reconciliation of provisions – 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for pension fund contributions	**2 156 467**	**–**	**(2 156 467)**	**–**
Provision for bonuses	**792 925**	**745 928**	**(792 925)**	**745 928**
	2 949 392	**745 928**	**(2 949 392)**	**745 928**

Reconciliation of provisions – 2014

	Opening balance	Additions	Utilised during the year	Total
Provision for pension fund contributions	–	2 156 467	–	2 156 467
Provision for bonuses	10 719 879	792 925	(10 719 879)	792 925
	10 719 879	2 949 392	(10 719 879)	2 949 392

The provision related to pension fund contributions is for an additional 3% backpay that requires final approval from the City Manager's office. The full provision for pension funds was utilised in December 2014.

The provision for bonuses relates to bonuses due to EXCO members for the 2014/15 financial year.

Notes to the Financial Statements continued

	Figures in Rand	2015	2014
19.	**Share capital**		
	Authorised		
	1 000 ordinary shares of R1 each	**1 000**	1 000
	Reconciliation of number of shares issued:		
	Reported as at 1 July 2014	**1 000**	1 000
	Issued		
	1 000 ordinary shares of R1 each	**1 000**	1 000
	Share premium	**5 141 721**	5 141 721
		5 142 721	5 142 721
20.	**Revenue**		
	Commission received	**53 705 137**	78 164 480
	Internal recoveries	**249 957 627**	258 144 713
	Subsidy received – City of Johannesburg Metropolitan Municipality	**–**	25 282 000
	Third party development fees	**1 677 135**	16 401 819
		305 339 899	377 993 012
	The amount included in revenue arising from exchanges of goods or services is as follows:		
	Rendering of services	**53 705 137**	78 164 480
	Internal recoveries	**249 957 627**	258 144 713
	Subsidy received – City of Johannesburg Metropolitan Municipality	**–**	25 282 000
	Third party development fees	**1 677 135**	16 401 819
		305 339 899	377 993 012
21.	**Other income**		
	Profit on disposal of assets	**–**	95 837
	Donations received	**1 183 588**	–
		1 183 588	95 837
22.	**Investment revenue**		
	Interest revenue		
	Interest received on deposit	**24 403**	–
	Interest income on CoJ sweeping	**–**	81 371
		24 403	81 371
23.	**Finance costs**		
	Finance leases	**555 245**	373 618
	Bank	**7 005 146**	4 641 217
	Disputed supplier accounts	**156 813**	–
		7 717 204	5 014 835

24. General expenses

Figures in Rand	2015	2014
Advertising	**406 371**	1 030 534
Assets expensed	**59 679**	151 877
Auditors remuneration	**2 194 622**	3 131 644
Bank charges	**57 832**	62 918
Board expenses	**454 238**	351 994
Cleaning	**10 858 465**	9 256 238
Commission paid	**191 994**	–
Computer consumables	**2 681**	427 501
Computer expenses	**1 464 002**	1 191 260
Conferences and seminars	**261 259**	220 874
Consulting and professional fees	**7 723 261**	8 031 593
Donations	**–**	50 000
Electricity	**17 398 886**	10 831 284
Fleet	**7 523 072**	8 009 010
Fuel and oil	**57**	5 182
Gas	**42 524**	26 239
Insurance	**3 566 520**	2 140 789
Irregular, fruitless and wasteful expenditure (Note 35)	**–**	587 299
Lease rentals on operating lease	**57 015 445**	57 069 902
Marketing and promotions	**220 436**	331 400
Other expenses	**2 323**	–
Pest control	**–**	156 298
Placement fees	**1 520 981**	513 433
Postage and courier	**17 728**	49 920
Printing and stationery	**1 673 316**	1 918 937
Protective clothing	**437 368**	570 131
Rates and taxes	**4 043 947**	3 656 448
Refuse	**512 035**	427 147
Rental – office accommodation	**13 853 531**	12 619 226
Rental – parking	**7 738 128**	6 752 183
Sanitation and sewerage	**1 975 014**	2 924 558
Security	**11 548 350**	11 146 315
Software expenses	**259 804**	271 945
Employee welfare	**1 301 941**	1 932 852
Storage	**139 211**	175 561
Subscriptions and membership fees	**1 685 357**	1 337 704
Telephone and fax	**2 199 430**	1 869 584
Training	**678 584**	2 023 897
Travel – local	**123 576**	416 045
Travel – overseas	**2 116 826**	1 579 347
Water	**520 721**	355 361
	161 789 515	153 604 430

Notes to the Financial Statements continued

Figures in Rand	Note	2015	2014
25. Employee-related costs			
Employee-related costs: salaries and wages		**116 953 966**	109 849 829
Post-retirement medical aid benefits – Defined benefit plan	11	**227 546**	117 000
SARS, SITE and PAYE		**19 002 899**	18 777 742
Allowances		**2 069 928**	2 151 367
Overtime payments		**5 004 868**	4 350 939
Bonus		**1 183 049**	–
UIF		**895 161**	1 382 567
SDL		**1 651 709**	1 604 263
Payroll levies		**280 735**	254 604
Leave pay provision charge		**1 385 016**	4 494 440
Pension costs		**30 910 109**	21 837 961
13th Cheque		**11 171 878**	8 240 431
		190 736 864	173 061 143
Key Personnel			
Remuneration of General Manager: Property Management			
Annual remuneration		**1 057 779**	991 702
Performance bonuses		**138 673**	–
Contributions to UIF, medical and pension funds		**251 502**	175 501
13th Cheque		**–**	82 544
		1 447 954	1 249 747
Remuneration of General Manager: Property Development			
Annual remuneration		**1 107 646**	1 037 219
Performance bonuses		**110 982**	–
Contributions to pension funds		**261 480**	183 091
Acting allowance		**–**	11 487
13th cheque		**–**	86 435
Subsistence allowance		**–**	1 340
		1 480 108	1 319 572
Remuneration of General Manager: Human Resources			
Annual remuneration		**646 535**	908 140
Performance bonuses		**127 140**	–
Contributions to UIF, medical and pension funds		**159 116**	160 080
13th Cheque		**–**	75 678
Leave pay		**59 671**	–
		992 462	1 143 898

Figures in Rand	2015	2014
25. Employee-related costs continued		
Remuneration of General Manager: Operations		
Annual remuneration	**606 647**	973 842
Performance bonuses	**136 338**	–
Contributions to UIF, medical and pension funds	**153 927**	173 168
13th Cheque	**–**	81 154
Leave pay	**154 971**	33 705
Subsistence allowance	**–**	1 340
	1 051 883	1 263 209
Remuneration of General Manager: Strategic Support		
Annual remuneration	**891 942**	746 749
Travel allowance	**24 000**	–
Contributions to UIF, medical and pension funds	**202 870**	70 712
13th Cheque	**76 329**	51 019
	1 195 141	868 480
Remuneration of General Manager: Stakeholder Management		
Annual remuneration	**–**	484 810
Contributions to UIF, medical and pension funds	**–**	5 740
	–	490 550
Remuneration of General Manager: Compliance and Secretarial		
Annual remuneration	**903 598**	846 145
Performance bonuses	**118 460**	49 393
Contributions to UIF, medical and pension funds	**212 167**	145 180
Acting allowance	**79 298**	26 294
13th Cheque	**–**	70 512
	1 313 523	1 137 524
Remuneration of General Manager: Informal Trading and Public Transport		
Annual remuneration	**534 996**	858 822
Contributions to UIF, medical and pension funds	**124 358**	54 045
13th Cheque	**–**	71 568
Leave pay	**49 377**	–
Settlement pay	**917 136**	–
	1 625 867	984 435
Remuneration of General Manager: Facilities Maintenance		
Annual remuneration	**811 297**	813 920
Car allowance	**92 916**	92 916
Performance bonuses	**111 794**	–
Contributions to UIF, medical and pension funds	**232 325**	226 399
Leave pay	**57 493**	–
	1 305 825	1 133 235

Notes to the Financial Statements continued

Figures in Rand	2015	2014
25. Employee related costs continued		
Remuneration of General Manager: Asset Management		
Annual remuneration	–	744 149
Contributions to UIF, medical and pension funds	–	108 162
13th Cheque	–	82 544
	–	934 855

26. Directors' emoluments

The following emoluments were paid to the Executive and Non-Executive Directors during the year.

Executive	Emoluments	Travel allowance	Company contributions	Performance bonus	Leave pay	Total
2015						
Ms HM Botes – Chief Executive Officer	**1 219 201**	**250 000**	**22 648**	**290 564**	**269 838**	**2 052 251**
Mr IM Bhamjee – Chief Financial Officer	**1 042 639**	**96 000**	**243 232**	**149 098**	**–**	**1 530 967**
	2 261 840	**346 000**	**265 880**	**439 662**	**269 838**	**3 583 218**

Executive	Emoluments	Travel allowance	Company contributions	Performance bonus	13th Cheque	Total
2014						
Ms HM Botes – Chief Executive Officer	1 169 372	250 000	16 086	90 992	–	1 526 450
Mr IM Bhamjee – Chief Financial Officer	968 986	96 000	166 308	–	88 749	1 320 043
	2 138 358	346 000	182 394	90 992	88 749	2 846 493

26. Directors' emoluments continued

Non-Executive	Emoluments	Retainer fees	Total
2015			
Mr A Mabizela – Chairperson	**188 976**	**45 626**	**234 602**
Mr T Hickman	**125 942**	**22 816**	**148 758**
Mr J Mabaso (retired 03/02/2015)	**84 078**	**13 309**	**97 387**
Prof AN Nevhutanda	**90 283**	**22 816**	**113 099**
Mr N Rau (retired 03/02/2015)	**52 582**	**–**	**52 582**
Ms PP Msweli	**86 020**	**22 816**	**108 836**
Mr MJ Rabodila	**137 749**	**22 816**	**160 565**
Mr FD Ntombela	**140 491**	**22 816**	**163 307**
Mr MM Morojele	**80 113**	**22 806**	**102 919**
Mr MC Kai	**36 514**	**9 507**	**46 021**
Dr N Mabuya	**30 810**	**9 507**	**40 317**
	1 053 558	**214 835**	**1 268 393**
2014			
Mr A Mabizela – Chairperson	148 804	39 675	188 479
Dr D Sekhukhune (retired 25/02/2014)	51 594	19 840	71 434
Mr T Hickman	123 010	19 840	142 850
Mr J Mabaso	100 212	19 840	120 052
Ms PP Msweli	40 680	–	40 680
Mr MJ Rabodila	68 458	–	68 458
Mr N Rau	128 974	19 840	148 814
Mr FD Ntombela	34 730	–	34 730
Ms S Childs (retired 25/02/2014)	74 416	19 840	94 256
Prof AN Nevhutanda	70 440	–	70 440
Mr M Moavodi	4 960	–	4 960
Mr MM Morojele	23 810	–	23 810
	870 088	138 875	1 008 963

Notes to the Financial Statements continued

	Figures in Rand	2015	2014
27.	**Taxation**		
	Major components of the tax expense (income)		
	Current		
	Local income tax – recognised in current tax for prior period	–	3 051 075
	Deferred		
	Originating and reversing temporary differences	**(24 790 104)**	(25 704)
		(24 790 104)	3 025 371
	Reconciliation of the tax expense		
	Reconciliation between accounting surplus and tax expense		
	Accounting deficit	**(83 723 431)**	(6 663 771)
	Tax at the applicable tax rate of 28% (2012: 28%)	**(23 442 561)**	(1 865 856)
	Tax effect of adjustments on taxable income		
	Non-taxable/non-deductible expenses	**(1 347 543)**	4 891 227
		(24 790 104)	3 025 371
28.	**Auditors' remuneration**		
	Fees	**2 194 622**	3 131 644
	Reconcilliation of audit fees		
	Audit fees – External	**1 243 683**	1 198 765
	Audit fees – Internal	**950 939**	1 932 879
		2 194 622	3 131 644
29.	**Cash generated from operations**		
	Deficit	**(58 933 327)**	(9 689 142)
	Adjustments for:		
	Depreciation and amortisation	**3 765 722**	4 363 050
	Loss on sale of assets and liabilities	**3 216 884**	341 025
	Finance costs – finance leases	**555 245**	373 618
	Impairment loss	**(4 072 319)**	–
	Debt impairment	**154 425**	20 212 144
	Movements in operating lease assets and accruals	**204 293**	420 543
	Movements in retirement benefit assets and liabilities	**227 546**	117 000
	Movements in provisions	**(2 203 464)**	(7 770 487)
	Movement in tax receivable and payable	–	(4 380 208)
	Annual charge for deferred tax	**(24 790 104)**	(25 704)
	Other non-cash items	–	10 758 046
	Scrapped finance lease asset	**(160 956)**	–
	Donations received	**(1 183 588)**	–
	Changes in working capital:		
	Receivables from exchange transactions	**135 795 127**	(273 188 132)
	Consumer debtors	**(154 425)**	(20 212 144)
	Other receivables from non-exchange transactions	**(121 266)**	(57 512)
	Prepayments	**472 807**	(259 647)
	Payables from exchange transactions	**4 071 565**	(38 118 792)
	Deferred income	**(6 364 000)**	(6 364 000)
		50 480 165	(323 480 342)

Figures in Rand	2015	2014

30. Commitments

Commitments in respect of capital expenditure:		
Authorised		
• Property, plant and equipment	**4 000 000**	–
This expenditure will be financed from:		
Internal cash	**4 000 000**	–
Operating leases – as lessee (buildings)		
Minimum lease payments due		
– Not later than one year	**17 762 028**	28 435 323
– Later than one year and not later than five years	**31 302 493**	40 834 455
– Later than five years	**10 507 572**	17 299 369
	59 572 093	86 569 147

Operating lease payments represent rentals payable by the entity for the JPC Head Office and office accommodation for eight buildings for various City departments. Leases are negotiated for a term of two to five years for City department occupied buildings, and 9 years and 11 months for the JPC Head Office. All leases are subject to yearly escalations. No contingent rent is payable.

31. Related parties

Relationships

The Company adheres to section 45 of The Municipal Supply Chain Management Regulation:

- Contracts are entered into in terms of Service Delivery Agreements
- As all related parties are current, no provision has been made in respect of bad debts.
- Controlling entity
  - The City of Johannesburg Metropolitan Municipality
- Fellow subsidiaries
  - Johannesburg Social Housing Company SOC Ltd
  - City Power Johannesburg SOC Ltd
  - Johannesburg City Parks (NPC)
  - Johannesburg Development Agency SOC Ltd
  - Johannesburg Roads Agency SOC Ltd
  - Johannesburg Fresh Produce Market SOC Ltd
  - Johannesburg Water SOC Ltd
  - Pikitup SOC Ltd
  - Johannesburg Theatre SOC Ltd

Figures in Rand	2015	2014
Related party balances		
Loan Accounts – Owing from related parties		
City of Johannesburg Metropolitan Municipality	**–**	17 061 282
Loan accounts – Owing to related parties		
City of Johannesburg Metropolitan Municipality	**(236 036 728)**	(298 986 896)
Interest paid to related parties		
City of Johannesburg Metropolitan Municipality	**7 005 146**	4 640 832

Notes to the Financial Statements continued

Figures in Rand	2015	2014
31. Related parties continued		
Services rendered to related parties		
The City of Johannesburg Metropolitan Municipality – commission received	**29 633 468**	34 564 752
The City of Johannesburg Metropolitan Municipality – capital commission received	**12 689 067**	36 793 000
The City of Johannesburg Metropolitan Municipality – management fees	**1 853 149**	669 103
The City of Johannesburg Metropolitan Municipality – internal recoveries	**249 957 627**	258 144 713
	294 133 311	330 171 568
Balance included in trade receivables		
City of Johannesburg Group Governance	**–**	25 650
City of Johannesburg Portfolio	**12 835 375**	–
City Power	**52 368**	–
Department of Citizen Relations and Urban Management	**56 051 253**	–
Department of Community Development	**12 532 839**	–
Department of Development Planning	**9 642 188**	148 237
Department of Economic Development	**–**	321 218
Department of Health	**22 829 606**	–
Department of Housing	**6 662 588**	–
Department of Transport	**496 755**	–
Department of Transport – BRT	**1 754 342**	15 261 042
Emergency and Medical Services	**2 354 055**	–
Environmental and Infrastructure Services	**7 767 864**	–
Group Corporate Shared Services	**8 636 520**	369 740 847
Group Finance and Revenue	**81 063 593**	–
Johannesburg City Parks	**912 000**	6 800
Johannesburg Metropolitan Police Department	**18 548 930**	–
Office of the Speaker	**11 033 689**	–
	253 173 965	385 503 794

32. Risk management

Financial risk management

Liquidity risk

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities. The Company's cash is swept on a daily basis to the City of Johannesburg Metropolitan Municipality's (CoJ) main account. The City releases money for use by the City of Joburg Property Company SOC Ltd as and when it is needed. Any over expenditure in which current cash swept cannot cover is covered by the CoJ.

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

32. Risk management continued

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligations	**3 280 586**	**1 756 283**	**–**	**–**
Trade and other payables	**40 317 012**	**–**	**–**	**–**

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligations	1 416 230	1 454 282	–	–
Trade and other payables	36 245 451	–	–	–

Interest rate risk

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

The Company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/(deficit). Fixed rate borrowings expose the Company to fair value interest rate risk.

The Company has not performed a sensitivity analysis as the Company is exposed to fixed rate borrowings only.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade debtors are comprised of development fees on contracts awarded to a developer who has been awarded the tender and related party debtors generated from the internal recoveries of office accommodation for FMM. The Company manages development fee risk by inserting suspensive conditions in the signed contracts. If the developer cannot pay in the specified time, payment terms are arranged and failing which the contract will be cancelled and awarded to another developer.

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

Figures in Rand	2015	2014
Financial instrument		
Financial assets measured at fair value:		
– Trade and other receivables	**253 173 965**	392 250 308
– Cash and cash equivalents	**2 000**	2 000
	253 175 965	392 252 308

33. 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 existence of the Company is dependent on the continued support of its sole Shareholder being the City of Johannesburg Metropolitan Municipality by way of management fees paid each year in terms of a service delivery agreement entered into. Development fees received from external parties further support the going concern of the Company. To support the continuous collection of management fees, JPC has a 30-year agreement with the Shareholder, of which 16 years are remaining.

Notes to the Financial Statements continued

34. Unauthorised expenditure

There was no unauthorised expenditure during the 2015 financial year.

35. Fruitless and wasteful expenditure

Figures in Rand	2015	2014
Opening balance	**2 173 413**	1 794 165
SARS penalties and interest	**–**	345 980
Penalties and interest	**156 813**	248 527
Interest recovered	**–**	(215 259)
	2 330 226	2 173 413

2015: Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2014/15 financial year amounting to R156 813.

2014: The penalties reflected relates to the late submission of the August 2013 VAT due to a banking error on the day of submission. There were outstanding payments on the PAYE returns of MTC from the 2009 financial year that accumulated penalties and interest. Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2013/14 financial year, this cost is to be transferred to the relevant departments and MOEs from which the expense originates.

36. Irregular expenditure

Figures in Rand	2015	2014
Opening balance	**3 513 933**	3 513 933

No irregular expenditure has been incurred in the 2014/15 financial year.

37. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus with the surplus in the statement of financial performance:

Figures in Rand	2015	2014
Net deficit per the statement of financial performance	**(58 933 327)**	(11 836 435)
Adjusted for:		
Revenue	**210 861 110**	44 981 780
Operating expenses	**(34 303 679)**	(26 119 974)
Taxation	**(24 790 104)**	(3 025 371)
Net surplus per approved budget	**92 834 000**	4 000 000

38. Prior period errors

Figures in Rand	2015	2014
Statement of financial position		
Trade and other payables – Accruals (Note 1)	–	753 245
Provision for bonuses (Note 1)	–	(792 925)
Deposits – non-current (Note 2)	–	480 628
Trade and other receivables (Note 2)	–	(801 843)
Property, plant and equipment (Note 3)	–	4 167 149
Accumulated surplus (GRAP 105 Transfer)(Note 3)	–	(4 676 033)
Deferred taxation (Note 4)	–	(1 901 035)
Loan account – GCSS (Note 5)	–	4 918 342
	–	2 147 528

1. Trade and other payables – Accruals – Directors retainers for Dr D Sekhukune and Ms S Childs were incorrectly calculated for the 2013/14 financial year. The expense and accrual of R39 680 have been raised to account for this transaction. An amount of R792 925 has been reclassified from accruals to provisions for the EXCO bonuses.

2. Trade and other receivables – An expense of R321 218 for travel was incorrectly classified as a trade debtor. The expense has been reclassified correctly in the 2014/15 financial year. Municipal deposits of R480 628 were reclassified from current to non-current assets.

3. Property, plant and equipment – During the fixed asset verification for the 2014/15 financial year it was discovered that assets, amounting to R4 676 033, that should have been included in the GRAP 105 transfer from the CoJ were not accounted for in the transfer of assets. This increased the total value of the assets transferred under GRAP 105 to R6 933 165 (Note 40). Depreciation amounting to R508 884 has been accounted for in the prior period for assets brought through the GRAP 105 transfer.

4. Deferred taxation – The deferred taxation on accumulated losses, provisions and fixed assets has been raised to account for the above transactions that has affected the prior period loss.

5. Loan account – GCSS – Gratuities of R4 918 342 for FMM Employees are accounted for and paid by the CoJ. The gratuity costs were incorrectly transferred to JPC in the previous two financial years.

Figures in Rand	2015	2014
Statement of financial performance		
Operating expenses	–	(4 048 563)
Taxation	–	1 901 035
	–	(2 147 528)

Notes to the Financial Statements continued

39. 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 financial statements.

Rental of premises and cleaning services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Directors.

The deviations for the 2014/15 financial year are as follows:

Figures in Rand	2015	2014
Extensions – Contracted Cleaning		
Khulani Makhosikazi Khulani – Contract extended to allow for finalisation of the tender process	**930 300**	–
Green Sweep – Contract extended to allow for finalisation of the tender	**385 962**	263 979
Green Interior – Contract extended to allow for finalisation of the tender process	**15 000**	–
Oyinola Construction – Contract extended to allow for finalisation of the tender process	**486 388**	–
Khulu Cleaning – Contract extended to allow for finalisation of the tender process	**–**	4 527 918
Masana Hygiene – Contract extended to allow for finalisation of the tender process	**–**	486 420
Vexma Trading – Contract extended to allow for finalisation of the tender process	**–**	216 507
Tiney Cleaning – Contract extended to allow for finalisation of the tender process	**–**	589 332
Tshipota Cleaning – Contract extended to allow for finalisation of the tender process	**–**	102 392
Thembane Cleaning – Contract extended to allow for finalisation of the tender process	**–**	432 001
SJR Cleaning – Contract extended to allow for finalisation of the tender process	**–**	2 274 943
Afrizm Cleaning – Contract extended to allow for finalisation of the tender process	**–**	299 969
Pulamohlo Cleaning – Contract extended to allow for finalisation of the tender process	**–**	288 000
Menenzhe Hygiene – Contract extended to allow for finalisation of the tender processes	**–**	167 813
	1 817 650	9 649 274

39. Deviation from supply chain management regulations continued

Figures in Rand	2015	2014
Extensions – Operating Lease Rentals		
Sanlam/JHI – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**7 150 775**	–
Redefine Properties – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**23 905 010**	–
Investec Ltd – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**7 538 532**	–
Germiston Bronze – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**5 180 976**	4 290 000
CEZ Investments – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**2 601 576**	–
66 Plein Street CC – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**8 308 473**	4 173 248
Liberty Group Property Management – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**13 864 419**	11 792 759
Zenprop – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**16 999 280**	15 534 123
Orion Property – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**3 081 226**	3 288 782
Hermans and Romans – Lease extended to finalise the Office Space Optimisation programme between CoJ and JPC	**8 702 789**	–
	97 333 056	39 078 912
Extensions – Other Expenditure		
Document Warehouse	**162 195**	–
Nicor Propsys – Sole service provider	**569 612**	–
Softline VIP – Contract extended to allow for finalisation of migration to SAP	**355 464**	–
Telkom – Parastatal and the only service provider	**1 290 659**	–
Infra-Sol – Contract extended to allow for finalisation of the IT service providers panel	**4 316 561**	3 098 499
Schindler Lifts – Sole service provider to install and maintain their lifts	**1 853 512**	1 758 137
Vodacom – Contract extended to allow for finalisation of new service provider	**347 923**	–
Superb Remedial Contractors – One quotation solicited	**–**	2 343
Innate Investment Solutions – One quotation solicited	**–**	50 160
Dorma SA – Contract extended to allow for finalisation of the tender processes	**–**	1 409 416
Sandpalm Doors – Contract extended to allow for finalisation of the tender processes	**–**	1 409 416
Paperbush Productions – Contract extended to allow for finalisation of the tender processes	**–**	30 096
Hearts & Flowers – Contract extended to allow for finalisation of the tender processes	**–**	120 000
	8 895 926	7 878 067

Notes to the Financial Statements continued

40. Transfer of functions of entities under common control (GRAP 105)

The functions of MTC and FMM were transferred on 1 July 2012 and 1 January 2013, respectively, as per their transfer agreements.

On 1 July 2013 the fixed assets of FMM were transferred to JPC for no consideration. As per the transfer agreement this is the only balance sheet transfer as only the operations of FMM were transferred on 1 January 2013.

The net asset value of assets from the transfer of functions from GCSS to FMM are as follows:

Figures in Rand	**2015**	2014
FMM	–	6 933 165

41. Sponsored skills development

In March 2013, Netcare pledged an amount of R1 140 000 for the skills development of JPC Management. The pledge is held in trust by Cliff Dekker Hofmeyer Attorneys on Netcare's behalf.

As at 30 June 2015 R658 127 of this fund had been utilised to identify the best international practices and standards for Property and Facilities Management. The closing balance of the available funds is R481 873.

Detailed Income Statement

Figures in Rand	Note	2015	2014 Restated*
Revenue			
Commission received		**53 705 137**	78 164 480
Internal recoveries		**249 957 627**	258 144 713
Subsidy received – City of Johannesburg Metropolitan Municipality		**–**	25 282 000
Third party development fees		**1 677 135**	16 401 819
Other income	21	**1 183 588**	95 837
Interest received		**24 403**	81 371
Total revenue		**306 547 890**	378 170 220
Expenditure			
Personnel	25	**(190 736 864)**	(173 061 143)
Depreciation and amortisation		**(3 765 722)**	(4 363 050)
Impairment loss		**4 072 319**	–
Finance costs	23	**(7 717 204)**	(5 014 835)
Bad debts		**(154 425)**	(20 212 144)
Repairs and maintenance		**(26 963 026)**	(28 237 364)
General expenses	24	**(161 789 515)**	(153 604 430)
Total expenditure		**(387 054 437)**	(384 492 966)
Operating deficit		**(80 506 547)**	(6 322 746)
Loss on disposal of assets and liabilities		**(3 216 884)**	(341 025)
Deficit before taxation		**(83 723 431)**	(6 663 771)
Taxation	27	**(24 790 104)**	3 025 371
Deficit for the year		**(58 933 327)**	(9 689 142)

** See Note 38.*

[Appendix E(1)]

The supplementary information presented does not form part of the Financial Statements, and is unaudited.

Statement of Financial Performance

for the year ended 30 June 2015

	Actual balance (000's)	Original budget (000's)	Variance (000's)	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Rental facilities and equipment	249 957 627	380 674 198	(130 716 571)	(34.3)	Budgeted objectives could not be achieved as the funding model of JPC has been changed by the Shareholder.
Commission received	53 705 138	126 733 462	(73 028 324)	(57.6)	Commission is below the allocated budget due to numerous leases pending approval. Completion commission on Capex could not be achieved due to cash constraints of the CoJ.
Third party development fees	1 677 135	10 001 340	(8 324 205)	(83.2)	Facilitation transactions could not be finalised by the close of the financial year.
	305 339 900	517 409 000	(212 069 100)	(41.0)	
Other income					
Donations received	1 183 588	–	1 183 588	–	Overprovision on accruals.
Interest received	24 402	–	24 402	–	No interest income has been earned in the 2014/15 financial year.
	1 207 990	–	1 207 990	–	
Cost of sales	–	–	–	–	
Gross profit	306 547 890	517 409 000	(210 861 110)	(40.8)	
Expenses					
Employee-related costs	(190 736 864)	(209 018 000)	18 281 136	(8.7)	Savings on the Employee costs is due to the presence of critical vacancies at 30 June 2015.
Depreciation	(3 765 722)	(5 030 388)	1 264 616	(25.1)	Depreciation is calculated on a straight-line basis and accounted for in line with the fixed asset register.
Repairs and maintenance	(26 963 026)	(27 128 000)	164 974	(0.6)	
Finance costs – overdraft	(7 005 146)	–	(7 005 146)	–	No budget is allocated to these finance costs.
Finance costs – finance leases	(555 245)	(815 000)	259 755	(31.9)	Despite entering into new finance leases, JPC did not exceed the budget allocated.
Finance costs – supplier disputes	(156 813)	–	(156 813)	–	Interest incurred in the dispute of accounts with suppliers and service providers.
Bad debts	(154 425)	–	(154 425)	–	Municipal deposits of MTC that could not be traced and recovered.
Impairment reversal	4 072 319	–	4 072 319	–	The reversal of the impairment of PIMS from the 2012/13 financial year.
General expenses	(161 789 515)	(182 583 662)	20 794 147	(11.4)	Savings in the budget are due to stringent expenditure management.
Loss on disposal of property, plant and equipment	(3 216 884)	–	(3 216 884)	–	No budget is allocated for the disposal of property, plant and equipment.
	(390 271 321)	(424 575 000)	34 303 679	(8.1)	
Operating profit	(83 723 431)	92 834 000	(176 557 431)	(190.2)	
Other revenue and costs	–	–	–	–	
Net surplus/(deficit) for the year	(83 723 431)	92 834 000	(176 557 431)	(190.2)	
Taxation					
Deferred tax	24 790 104	–	24 790 104	–	
Profit/(loss) for the year	24 790 104	–	24 790 104	–	
	(58 933 327)	92 834 000	(151 767 327)	(163.5)	

CHAPTER 6

Auditor General's Findings

CoJ Regional offices and Mixed-Use development concept design.

Auditor-General's Report for the current year

The Constitution S188 (1) (b) states that the functions of the Auditor-General include 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.

Please refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor-General as set out in this Chapter.

	2010/11	2011/12	2012/13	2013/14	2014/15
Audit opinion	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

The external audit is conducted once a year by the Auditor General. During the period under review, the Auditor General indicated that the financial statements were free from material misstatements; that there were no material findings on usefulness and reliability on performance information reported and that the JPC complied with all key laws and regulations.

Audit Findings and Remedial Action

For the 2013/2014 financial year, the AG raised five (5) audit finding for JPC as reflected in the table below:

	Classification					Rating				
Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	**Number of times reported in previous three years**	**Status of implementation of previous year(s) recommendation**
Material amendments in annual financial statement submitted for audit	✔		✔			✔			1	Resolved
Suppliers in service			✔				✔		1	Resolved
Security management				✔			✔			Resolved
User access management				✔			✔		0	Resolved
Fixed Asset Register not complete				✔				✔	0	Resolved

All five findings that were raised in the prior year have been resolved. Internal audit has confirmed that the findings were adequately resolved by Management.

Commitment by the Board of Directors

As reflected on pages 79 to 81, the Board of Directors and the Audit and Risk Committee are satisfied that the internal controls are effective, although there is always room for improvement. Additionally, the Board is satisfied by the remedial action taken by Management in addressing the Auditor-General's audit findings with the initiative of the OPCAR.

Performance Information for the Year Ended 30 June 2015

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	**KPA Description**	**KPI Description**	**Annual target**	**Actual**	**Annual target**	**Actual**
1.	Sustainable Human Settlements	1.1 Transfer or lease cumulative 13 000 properties under the land regularisation programme	2 000 identified	A cumulative total of 2 459 properties and land identified	13 000 properties leased or transferred	12 803 Identified properties 3 065 transferred properties
2.	SMME and entrepreneurial support	2.1 Creation of the SMMEs, NGOs, Co-Ops and Community Organisation Programme	4 600 SMMEs supported	3 452 SMMEs supported	4 000 SMMEs, NGOs, Co-Ops and Community Organisation	7 159 SMMEs supported
		2.2 8 000 jobs created	1 585 Jobs created	1 942 Jobs created	8 000 jobs created	9 955 jobs created
		2.3 Release of land to SMMEs, Co-Ops and Entrepreneurs under the transformation, social economic and social programme	100	5	Issue a request for proposal to Co-Ops	27 parcels of land identified, the database for Co-Ops is in place. 50 hectares of land, 1 hectare per 1 co-op released
3.	Financial sustainability and resilience	3.1 R100 million of rental income from leases and servitudes sales, servitudes and acquisition	N/A	N/A	R100 million income raised	R111 million income raised
		3.2 Construction of the Council Chamber as per the Office Space Optimisation programme	N/A	N/A	Site handover to the contractor	Site handover to the contractor
4.	Transit Oriented Development – Priority areas (corridors/nodes)	4.1 Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties in Priority Areas (corridors and nodes)	3 properties purchased and agreements signed	7 properties acquired in line with the Housing Master Plan	Acquisition of 21 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties Priority Areas (corridors and nodes)	39 properties acquired for Corridors of Freedom and housing masterplan
5.	Investment attraction, retention and expansion	5.1 Create a structured Informal City Market in the inner city as a pilot project which is vibrant and tourist attraction	N/A	N/A	Create a structured Informal City Market in the inner city as a pilot project which is vibrant and tourist attraction: Appoint a successful bidder	JPC placed an Expression of Interest on 10 April in an advert in the newspaper for the development of the City Market

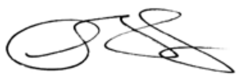
Commitment by the Board of Directors continued

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
		5.2 Third party investment on CoJ property transaction	N/A	N/A	Third party investment on CoJ property transaction: R350 million investment by private sector	R477 million investment by private sector
		5.3 Third party investment on CoJ property transaction	R500 million	R770 million	R1 billion investment leverage on property transaction	R1.68 billion
6.	SMME and Entrepreneurial Development and support	6.1 Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth	100 jobs	110 jobs	N/A	N/A
7.	Revitalisation of Central Business District (CBD) and strategic utilisation of underutilised inner city economic assets	7.1 A Central Business District (CBD) revitalisation programme using CoJ land	Refurbishment of the Randburg Fire Station to the value of R10 million (cumulative) and construction of the MultiChoice Campus to the value of R440 million	Maintenance works of Jabulani Civic Centre and Roodepoort have been completed. The Randburg construction is in progress Refurbishment of the Randburg Fire Station: R9 million (cumulative) MultiChoice Campus: R480 million	N/A	N/A
		7.2 The remodelling of the inner city property scheme and the property portfolio/ enhancement: identify 10 buildings to be acquired and released to the market for development	5 properties acquired	10 properties acquired via abandonment agreements	N/A	N/A
		7.3 Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth	100 jobs created	110 jobs created	N/A	N/A

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	**KPA Description**	**KPI Description**	**Annual target**	**Actual**	**Annual target**	**Actual**
8.	Financial sustainability priority clean audit	8.1 Asset verification: Desktop verification	36 000 verified	36 269 verified	N/A	N/A
9.	Financial Sustainability Programme, capital management programmes	9.1 Facilities Management plans that incorporate energy savings plans and retrofit initiatives, and space optimisation plans that incorporate workplace accommodation to ensure better Employee mobility	Facilities Management and space optimisation plan for Region G	CAD drawings at Metro Centre in preparation of rollout of Metro Centre upgrading is continuing with current capacity – 80% complete.	N/A	N/A

For the financial year ending 30 June 2015, JPC achieved 90% of the approved scorecard. JPC did not make any scorecard amendments to the targets for the period under review as it would sometimes need to in line with the MFMA.

Approved by:



Helen Botes
Chief Executive Officer

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property Management and Facilities Management functions and where appropriate, to provide property services in respect of the City of Johannesburg Metropolitan Municipality and the Municipal Owned Entities
Directors	Ms HM Botes – Chief Executive Officer Mr IM Bhamjee – Chief Financial Officer Mr A Mabizela – Chairperson Mr T Hickman Mr MJ Rabodila Mr MM Morojele Ms PP Msweli Mr FD Ntombela Prof AN Nevhutanda Mr MC Kai Dr N Mabuya
Registered office	1st Floor Forum II Braam Park 33 Hoofd Street Braamfontein 2017
Business address	1st Floor Forum II Braam Park 33 Hoofd Street Braamfontein 2017
Postal address	PO Box 31565 Braamfontein 2017
Controlling entity	City of Johannesburg Metropolitan Municipality incorporated in South Africa
Bankers	Standard Bank
Auditors	The Auditor-General: Gauteng
Company Secretary	Ms V Morgan
Chief Finance Officer (CFO)	Imraan Bhamjee
Company registration number	2000/017147/07
Tax reference number	9292/129/14
Preparer	The financial statements were internally compiled by: Imraan Bhamjee City of Joburg Property Company SOC Ltd

City of Joburg
Property Company SOC Ltd

1st Floor
Forum II
Braam Park
33 Hoofd Street
Braamfontein
2017

PO Box 31565
Braamfontein
Johannesburg

Tel: +27 010 219 9000
Fax: +27 010 219 9400
clientservicingunit@jhbproperty.co.za

www.jhbproperty.co.za