



Chief Financial Officer's Review

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IMRAAN BHAMJEE | Chief Financial Officer

In preparation for the financial year end, an internal audit was utilised to determine the effectiveness of the internal control environment leading up to the external audit by the Auditor General in August 2016. The internal audit concluded on no findings across Finance, Supply Chain, and Human Resources and indicates that the control environment remains effective.

The conclusion of the final quarter of 2015/16 has seen a significant turnaround in the financial performance and financial position of the entity when compared year-on-year to 2014/15. Analysis of revenue and expenditure trends indicated that JPC would likely achieve a breakeven position by 30 June 2016. JPC has since exceeded this prediction and concluded the financial year with a profit before tax of R8.3 million. Profitability has been achieved by meeting 96% of all revenue targets defined in the 2015/16 budget and spending 93.3% of the operating expenditure budget.

The turnaround is most evident in the statement of financial position. Intercompany creditors have reduced from R221 million, in 2014/15, to R73 million in 2015/16, with the intention of settling all intercompany debt by the conclusion of the 2016/17 financial year. The cash position of the entity resides at positive R77.8 million, as a result of a R210 million reduction in intercompany debtors. The cash reserves will be extensively managed and utilised in the settling of intercompany and external creditors, while being cognisant of the cash requirements of the entity to securely fund its strategic and operational requirements.

That being said, the solvency ratio of the entity resides at 1.29:1 against a COJ defined norm of 1:1. This is the highest the solvency of the entity has been since 2012/13. The risks to financial sustainability and commercial insolvency have decreased significantly from the precarious position the entity found itself in at 30 June 2015.

This bodes well for the entity in the financial years going forward as financial sustainability has proven to be a contentious challenge to grapple with in post-integration JPC.

Imraan Bhamjee
Chief Financial Officer