

# City of Cape Town



## Unaudited Annual Financial Statements

For the year ended  
**30 June 2011**



CITY OF CAPE TOWN | ISIXEKO SASEKANA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

Auditor-General: 31/08/2011

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**Reporting Entity**

The City of Cape Town is a local authority established in terms of section 151 of the Constitution of the Republic of South Africa.

The principal activities of the City are to:

- Provide democratic and accountable government for the local communities.
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment.
- Encourage the involvement of communities and community organizations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Finance Management Act (Act No 56 of 2003), The Municipal Structures Act (Act No117 of 1998), The Municipal systems Act (Act No 32 of 2000) and various other acts and regulations.



**Executive Mayor: Alderman P de Lille**

**Executive Deputy Mayor**

Alderman ID Neilson

**Speaker**

Alderman JD Smit

**Chief whip**

Alderman AM Serritslev

**Members of the Mayoral Committee**

- Alderman ID Neilson - Finance
- Alderman JP Smith - Safety and security services
- Alderman DL Qually - Corporate services
- Alderman VM Walker - Economic, environment and spatial planning
- Councillor BA Cortje-Alcock - Social and early childhood development
- Councillor LV James - Health
- Councillor T Gqada - Community services
- Councillor BN Herron - Transport, roads and stormwater
- Councillor GI Pascoe - Tourism, events and marketing
- Councillor S Sims - Utility services
- Councillor EJ Sonnenberg - Housing

**Members of the Audit Committee**

- Z Manjra Chairperson
- M Roos Member (appointed w.e.f. 1 February 2011)
- MY Kajee Member (appointed w.e.f. 1 February 2011)
- M Burton Member
- K Moloko Member

**Auditors**

The Auditor-General  
Business Connexion Building  
Ring Road, Century Boulevard  
**Century City**  
7441

Private Bag X1  
**Chempet**  
7442

**Bankers**

ABSA Bank  
1<sup>st</sup> floor, Tijgerpark IV  
Willie van Schoor Drive  
**Tyger Valley**  
7530

PO Box 4453  
**Tyger Valley**  
7536

**Registered office**

12 Hertzog Boulevard  
**Cape Town**  
8000

PO Box 655  
**Cape Town**  
8000



**City Manager**  
Achmat Ebrahim



**Chief Financial Officer**  
Mike Richardson



## Council members of the City of Cape Town

### Councillor/Alderman

Abrahams, AN	Gqwangxu, X	Makeleni, LC	Purchase, F
Abrahams, A	Green, AM	Mamba, KC	Qoba, ZL
Abrahams, FL	Gympies, SC	Mamkeli, S	Qually, DL
Abrahams, MM	Hadebe, B	Mangali, T	Rass, B
Adams, A	Hansen, B	March, GW	Rau, R
Adams, F	Haskin, GCR	Marman, PI	Raymond, FHL
Adams, Y	Hassiem, W	Matanzima, V	Rossouw, SJ
America, D	Haywood, M	Matha, MS	Sakathi, T
Amira, D	Hebe, LA	Maxheke, JJ	Schäfer, BA
Andrews, EP	Hendricks, MGE	Maxiti, P	Serritslev, AM
Andrews, JA	Herron, BN	Mbandezi, S	Sikhakhane, N
Anstey, E	Heuvel, JA	Mbonde, ME	Siljeur, GR
Arendse, MT	Heynes, PC	McCarthy, J	Simons, RS
Arendse, R	Hinana, EN	Mfusi, VN	Sims, S
Arendse, SWP	Honono, TT	Mhlanga, C	Sitonga, MC
Ariefdien, M	Hoosain, J	Middleton, JH	Slabbert, JD
August, SN	Ipser, CW	Mkutswana, MA	Smit, JD
Badela, D	Isaacs, LI	Mngxunyeneni, PM	Smith, J
Bazier, R	Isaacs, VR	Mofoko, NM	Sonnenberg, EJ
Beneke, R	Iversen, I	Morkel, KH	Sono, NP
Bent, NL	Jackson, IR	Moses, AC	Sopaqa, MM
Bew, CB	Jacobs, BM	Moses, RM	Sotashe, X
Bloor, GM	Jacobs, J	Moshani, NA	Taylor, MJ
Brady, WE	Jaffer, L	Mphila, D	Thomas, CR
Bredenhand, JC	Jafftha, WD	Msindwana, ME	Thomas, GHJ
Brenner, HI	James, LV	Mxolose, WS	Thompson, TB
Britz, MT	Janse van Rensburg, C	Mzalisa, MN	Thuynsma, J
Brunette, EN	Jansen van Vuuren, MI	Ndamase, T	Timm, G
Bryant, DW	Jefferies, IK	Ndongeni, AX	Toko, MS
Brynard, CA	Jordaan, C	Ndzulwana, N	Twigg, GG
Burger, JHH	Jordaan, LD	Neilson, ID	Tyhლისისუ, VKT
Cavanagh, GV	Joseph, D	Nenzani, SM	Uys, TA
Chapple, PH	Justus, CR	Ngqame, YA	Van Dalen, B
Christians, DJ	Kannenbergh, ACK	Ngqose, NS	Van der Merwe, B
Christians, FC	Kearns, F	Nguzo, M	Van der Merwe, CG
Claasen, CPV	Kempthorne, ML	Nieuwoudt, MJ	Van der Merwe, JFH
Clayton, CC	Khatshwa, DM	Nikelo, M	Van der Rhee, A
Cortje-Alcock, BA	Kinahan, OM	Nkohla, L	Van der Walt, ML
Cottee, DG	Kleinsmith, ME	Nkunzana, FM	Van Minnen, BM
Crous, AC	Komeni, AL	Nonkeyizana, S	Van Wyk, CHS
D'Alton, DJ	Kopman, NF	Notana, E	Velem, M
Davids, MM	Krynauw, J	Nqavashe, ML	Venter, JD
De Lille, P	Landingwe, NJ	Nqulwana, M	Viljoen, R
Diamond, SP	Lategan, KH	Ntotoviyane, C	Visser, J
Dyantyi, VD	Le Roux, B	Nyakatya, NC	Vos, J
Ehrenreich, AJ	Leputhing, CN	O'Connell, RA	Vuba, ST
Else, D	Liell-Cock, SP	Oliver, MJ	Walker, VM
Esau, CJ	Lili, A	Pakela-Mapasa, XB	Watkyns, BRW
Fourie, A	Limberg, XT	Pascoe, GI	Weavers, M
Fourie, GD	Little, SA	Peter, XG	Williams, A
Francke, P	Mabandla, M	Philander, S	Yalezo, S
Gabier, A	Maci, L	Pienaar, S	Yozi, SK
Gabriel, PJ	Mack, CJ	Pietersen, MP	Zondani, LG
Gabuza, A	Makanda, MN	Pretorius, IJ	
Gqada, T	Makasi, N	Pringle, SB	
Gqola, TL	Makeleni, K	Pupa, T	

**Annual financial statements**  
**for the year ended 30 June 2011**

**Approval of financial statements**

I am responsible for the preparation of these annual financial statements, as set out on pages 13 to 76 in terms of Section 126(1) of the Municipal Finance Management Act, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 30 to these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**Achmat Ebrahim**  
**City Manager**

**Date:** 30 August 2011

	Note	2011 R'000	2010 R'000 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
		<b>21 882 359</b>	<b>20 470 323</b>
Property, plant and equipment	1	21 474 791	19 948 249
Heritage assets	2	11 914	10 002
Investment property	3	84 999	87 060
Intangible assets	4	44 884	31 709
Investments	6	150 245	274 245
Long-term receivables	7	115 526	119 058
<b>Current assets</b>			
		<b>9 455 320</b>	<b>8 468 192</b>
Assets classified as held-for-sale	5	126	66
Inventory	8	235 249	197 080
Trade receivables	9	3 709 111	3 361 410
Other receivables	10	193 788	321 101
Investments	6	2 146 596	59 876
Current portion of long-term receivables	7	19 193	17 480
Cash and cash equivalents	11	3 151 257	4 511 179
<b>TOTAL ASSETS</b>		<b>31 337 679</b>	<b>28 938 515</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
		<b>8 856 173</b>	<b>8 590 155</b>
Long-term borrowings	12	5 343 836	5 541 041
Provisions	13	3 512 337	3 049 114
<b>Current liabilities</b>			
		<b>6 055 887</b>	<b>5 654 256</b>
Deposits	14	233 492	229 160
Provisions	15	767 671	739 446
Payables	16	3 321 917	3 062 887
Unspent conditional grants and receipts	17	1 207 732	1 048 440
Value added tax (VAT)	18	219 722	212 848
Current portion of long-term borrowings	12	305 353	361 475
<b>Total liabilities</b>		<b>14 912 060</b>	<b>14 244 411</b>
<b>NET ASSETS</b>			
<b>Total net assets</b>			
		<b>16 425 619</b>	<b>14 694 104</b>
Housing development fund	19	539 070	531 472
Reserves	20	1 771 534	1 839 091
Accumulated surplus	21	14 115 015	12 323 541
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>31 337 679</b>	<b>28 938 515</b>

## Statement of Financial Performance for the year ended 30 June 2011

Budget			Actual		
2011 R'000	2010 R'000		2011 R'000	2010 R'000	Note
	Restated			Restated	
<b>11 888 638</b>	<b>9 905 861</b>	<b>REVENUE</b>	<b>11 471 238</b>	<b>9 923 838</b>	
10 599 456	8 778 943	<b>Exchange revenue</b>	10 359 727	8 735 777	22
250 087	230 516	Service charges	250 316	267 023	23
421 260	496 595	Rental of letting stock and facilities	522 070	506 533	24
28 764	24 276	Finance income	37 645	33 054	
115 993	115 993	Licences and permits	115 991	111 097	
179 111	158 094	Agency services	164 909	191 234	25
293 967	101 444	Other income	20 580	79 120	
<b>9 366 185</b>	<b>8 641 265</b>	Gains on disposal of property, plant and equipment	<b>8 909 448</b>	<b>8 641 221</b>	
81 411	70 275	<b>Non-exchange revenue</b>	81 409	68 709	25
4 286 860	3 813 865	City Improvement Districts (CIDs)	4 529 932	3 841 314	26
1 510 960	1 371 610	Property rates	1 510 960	1 371 610	
174 769	172 065	Fuel levy	166 476	154 584	
3 223 901	3 162 961	Fines	2 558 851	3 120 058	27
88 284	120 763	Government grants and subsidies	61 820	84 946	28
		Public contribution			
<b>21 254 823</b>	<b>18 547 125</b>	<b>Total revenue</b>	<b>20 380 686</b>	<b>18 565 059</b>	
		<b>EXPENDITURE</b>			
6 315 573	5 636 211	Employee-related costs	6 123 767	5 599 436	29
92 296	86 260	Remuneration of councillors	88 621	84 451	30
1 003 873	828 932	Impairment costs	783 759	687 891	31
188 693	183 665	Collection costs	174 755	167 822	
1 227 258	960 756	Depreciation and amortisation expense	1 262 100	991 349	32
780 723	540 448	Finance costs	717 475	643 495	33
4 656 592	3 705 691	Bulk purchases	4 620 165	3 636 889	34
1 922 816	1 822 585	Contracted services	2 010 269	1 895 231	
96 240	107 822	Grants and subsidies paid	93 382	94 193	35
3 187 502	2 994 624	General expenses	2 771 349	2 620 543	36
-	15	Loss on disposal of property, plant and equipment	3 529	3 076	
<b>19 471 566</b>	<b>16 867 009</b>	<b>Total expenditure</b>	<b>18 649 171</b>	<b>16 424 376</b>	
<b>1 783 257</b>	<b>1 680 116</b>	<b>Surplus from operations</b>	<b>1 731 515</b>	<b>2 140 683</b>	
<b>1 783 257</b>	<b>1 680 116</b>	<b>SURPLUS FOR THE YEAR</b>	<b>1 731 515</b>	<b>2 140 683</b>	



## Statement of Changes in Net Assets for the year ended 30 June 2011

	Housing development fund	Capital replacement reserve	Self- insurance reserve	Accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
<b>2009</b>					
<b>Balance at 30 June 2009</b>	<b>510 851</b>	<b>1 042 091</b>	<b>734 458</b>	<b>10 258 033</b>	<b>12 545 433</b>
Concessionary loans fair value adjustment	-	-	-	7 988	7 988
	<b>510 851</b>	<b>1 042 091</b>	<b>734 458</b>	<b>10 266 021</b>	<b>12 553 421</b>
<b>2010</b>					
<b>Restated surplus at 01 July 2010</b>				<b>2 140 683</b>	
Surplus at 30 June 2010 - previously reported	-	-	-	2 105 574	2 105 574
Concessionary loans fair value adjustment	-	-	-	(1 181)	(1 181)
Claremont road bypass recognised	-	-	-	997	997
SALGA adjustment	-	-	-	(6 692)	(6 692)
Property management adjustment	-	-	-	(16 564)	(16 564)
Water payment adjustment	-	-	-	30 876	30 876
Land sale adjustment	-	-	-	(1 582)	(1 582)
Investment property adjustment	-	-	-	(22)	(22)
Investment fair value adjustment	-	-	-	24	24
Lease smoothing adjustments	-	-	-	41 701	41 701
Bonuses adjustment	-	-	-	(12 448)	(12 448)
Transfer to/(from)	49 247	948 473	(76 283)	(921 437)	-
Property, plant and equipment purchased	(28 626)	(809 648)		838 274	-
<b>Balance at 30 June 2010 - refer note 45</b>	<b>531 472</b>	<b>1 180 916</b>	<b>658 175</b>	<b>12 323 541</b>	<b>14 694 104</b>
<b>2011</b>					
Net surplus for the year	-	-	-	1 731 515	1 731 515
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	-
Property, plant and equipment purchased	(22 855)	(565 040)	-	587 895	-
<b>Balance at 30 June 2011</b>	<b>539 070</b>	<b>1 186 371</b>	<b>585 163</b>	<b>14 115 015</b>	<b>16 425 619</b>

## Cash Flow Statement for the year ended 30 June 2011

	Note	2011 R'000	2010 R'000 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		19 021 260	17 014 210
Cash paid to suppliers and employees		(15 163 125)	(13 167 871)
Cash generated from operations	37	<u>3 858 135</u>	<u>3 846 339</u>
Finance income		503 857	500 033
Finance costs		(717 475)	(643 495)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><u>3 644 517</u></u>	<u><u>3 702 877</u></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(2 857 761)	(4 663 925)
Proceeds on disposal of property, plant and equipment and intangible assets		63 278	82 380
(Increase) in assets held-for-sale		(60)	(66)
Decrease in non-current receivables		1 819	42 673
(Increase)/Decrease in investments		(1 962 720)	1 098 598
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(4 755 444)</u>	<u>(3 440 340)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised and interest capitalised		-	2 147 194
Loans repaid		(253 327)	(524 137)
Increase/(Decrease) in deposits		4 332	(6 366)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(248 995)</u>	<u>1 616 691</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	38	<u><b>(1 359 922)</b></u>	<u><b>1 879 228</b></u>
Cash and cash equivalents at the beginning of the year		4 511 179	2 631 951
<b>Cash and cash equivalents at the end of the year</b>		<u><u><b>3 151 257</b></u></u>	<u><u><b>4 511 179</b></u></u>

## Statement of comparison of budget and actual amounts for the year ended 30 June 2011

	Note	Actual expenditure R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>						
<b>40.2.1</b>						
Total non-current assets	i	21 882 359	23 960 664	22 456 571	574 212	2.56%
Total current assets	ii	9 455 320	6 785 281	7 058 692	(2 396 628)	(33.95%)
<b>Total Assets</b>		<b>31 337 679</b>	<b>30 745 945</b>	<b>29 515 263</b>	<b>(1822 416)</b>	<b>(6.17%)</b>
Total non-current liabilities	iii	8 962 886	9 724 720	8 734 846	(228 040)	(2.61%)
Total current liabilities	iv	5 949 174	4 991 398	4 296 409	(1 652 765)	(38.47%)
<b>Total Liabilities</b>		<b>14 912 060</b>	<b>14 716 118</b>	<b>13 031 255</b>	<b>(1 880 805)</b>	<b>(14.43%)</b>
Total net assets	v	16 425 619	16 029 827	16 484 008	58 389	0.35%
<b>Total net assets and liabilities</b>		<b>31 337 679</b>	<b>30 745 945</b>	<b>29 515 263</b>	<b>(1822 416)</b>	<b>(6.17%)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>40.2.2</b>						
Service charges	i	10 359 727	10 611 557	10 599 456	239 729	2.26%
Rental of letting stock and facilities	ii	250 316	244 503	250 087	(229)	(0.09%)
Finance income	iii	522 070	424 796	421 260	(100 810)	(23.93%)
Licences and permits	iv	37 645	28 764	28 764	(8 881)	(30.88%)
Agency services	v	115 991	115 993	115 993	2	0.00%
Other income	vii	246 318	1 760 230	260 522	14 204	5.45%
Property rates	viii	4 529 932	4 286 860	4 286 860	(243 072)	(5.67%)
Fuel levy	ix	1 510 960	1 510 960	1 510 960	-	-
Fines	x	166 476	180 569	174 769	8 293	4.74%
Government grants and subsidies	xi	2 558 851	1 603 122	3 223 901	665 051	20.63%
Public contributions	xii	61 820	64 379	88 284	26 463	29.98%
Gains on disposal of property, plant and equipment	xiii	20 580	310 444	293 967	273 387	93.00%
<b>Total revenue</b>		<b>20 380 686</b>	<b>21 142 177</b>	<b>21 254 823</b>	<b>874 135</b>	<b>4.11%</b>
Employee-related costs	i	6 123 767	6 502 939	6 315 573	191 806	3.04%
Remuneration of councillors	ii	88 621	92 296	92 296	3 675	3.98%
Impairment costs	iii	783 759	967 716	1 003 873	220 114	21.93%
Collection costs	iv	174 755	190 447	188 693	13 937	7.39%
Depreciation and amortisation expense	v	1 262 100	1 190 680	1 227 258	(34 843)	(2.84%)
Finance costs	vii	717 475	739 507	780 723	63 248	8.10%
Bulk purchases	viii	4 620 165	4 738 992	4 656 592	36 427	0.78%
Contracted services	ix	2 010 269	2 076 240	1 922 816	(87 453)	(4.55%)
Grants and subsidies paid	x	93 382	44 557	96 240	2 858	2.97%
General expenses	xi	2 771 349	2 932 197	3 187 502	416 153	13.06%
Loss on disposal of property, plant and equipment	xii	3 529	-	-	(3 529)	-
<b>Total expenditure</b>		<b>18 649 171</b>	<b>19 475 571</b>	<b>19 471 566</b>	<b>822 395</b>	<b>4.22%</b>
<b>Net surplus for the year</b>		<b>1 731 515</b>	<b>1 666 606</b>	<b>1 783 257</b>	<b>51 742</b>	<b>2.90%</b>
<b>CASH FLOW STATEMENT</b>						
<b>40.2.3</b>						
Net cash from (used) operating	i	3 644 517	2 892 220	1 605 967	(2 038 550)	(126.94%)
Net cash from (used) investing	ii	(4 755 444)	(3 407 165)	(2 959 108)	1 796 336	(60.71%)
Net cash from (used) financing	iii	(248 995)	861 277	(239 807)	9 188	(3.83%)
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<b>(1 359 922)</b>	<b>346 332</b>	<b>(1 592 948)</b>	<b>(233 026)</b>	<b>14.63%</b>
<b>CAPITAL EXPENDITURE</b>						
<b>40.2.4</b>						
Executive and council	i	7 960	6 516	8 153	193	2.37%
Budget and treasury office	ii	11 787	7 626	13 430	1 643	12.23%
Corporate services	iii	150 457	140 891	157 344	6 887	4.38%
Planning and development	iv	31 338	49 507	33 582	2 244	6.68%
Health	v	12 352	11 984	16 893	4 541	26.88%
Community and social services	vi	59 321	67 132	87 440	28 119	32.16%
Public safety	vii	67 522	90 899	87 298	19 776	22.65%
Sport and recreation <sup>1</sup>	viii	169 973	259 313	506 510	336 537	66.44%
Environmental protection	ix	7 017	24 669	11 053	4 036	36.51%
Road transport	x	713 944	800 352	1 133 820	419 876	37.03%
Housing	xi	321 970	620 708	453 574	131 604	29.01%
Waste management	xii	421 395	610 846	516 293	94 898	18.38%
Water	xiii	177 559	195 951	193 194	15 635	8.09%
Electricity	xiv	704 756	718 471	774 760	70 004	9.04%
Other (Tourism)	xv	410	2 500	2 383	1 973	82.79%
<b>TOTAL</b>		<b>2 857 761</b>	<b>3 607 365</b>	<b>3 995 727</b>	<b>1 137 966</b>	<b>28.48%</b>

1. Included in the final budgeted amount is a provision of R270 million for a disputed balance outstanding on a completed contract. For further details refer note 47.2

**GENERAL INFORMATION**

The City of Cape Town's address of its registered office and principal place of business are disclosed under general information. The principal activities of the Municipality are described in the introduction to the annual financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies of the City of Cape Town, that are, in all material respects, consistent with those applied in the previous year, except as stated in note 45 are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

**Basis of presentation**

The financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive which sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

In the process of applying the City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

- **Operating lease commitments – City as lessor**

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the Statement of Financial Performance on a straight-line basis over the period of the lease.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of trade receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

- **Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in note 13 and 47.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

- **Property, plant and equipment**

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

- **Budget information**

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists.

All material differences are explained in the notes to the annual financial statements.

**Adoption of new and revised standards**

In the current year, the City has adopted all new and revised standards and interpretations issued by the Accounting Standards Board (ASB) that are relevant to its operations, and effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

The City has not adopted any GRAP standard not yet effective, but has based its accounting policies on such standards. Effective dates have been given for some of the standards and for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2011, the following standards were issued but not yet effective.

- Annual periods commencing on or after 1 April 2012:
  - GRAP 21 - Impairment of non-cash generating assets
  - GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
  - GRAP 24 - Presentation of budget information
  - GRAP 26 - Impairment of cash-generating assets
  - GRAP 103 - Heritage assets
- No effective dates provided yet:
  - GRAP 18 - Segment reporting
  - GRAP 20 - Related party disclosures (revised)
  - GRAP 25 - Employee benefits
  - GRAP 105 - Transfers of functions between entities under common control
  - GRAP 106 - Transfers of functions between entities not under common control
  - GRAP 107 - Mergers

All the above standards, where applicable, will be complied with in the financial statements once effective. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal.

**HOUSING FUNDS**

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

**Housing Development Fund**

Sections 15(5) and 16 of the Housing Act, which came into operation on 1 April 1998, required that the City maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund and is fully cash-backed.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with inter alia Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

**Unrealised housing proceeds**

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

**RESERVES**

The City creates and maintains reserves in terms of specific requirements.

**Capital replacement reserve (CRR)**

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

**Insurance reserve****• Self-insurance reserve**

A general insurance reserve has been established, and, subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

An actuarial valuation is obtained each year to assess the adequacy of the insurance reserve at year-end.

**• Compensation for occupational injuries and diseases reserve (COID)**

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993).

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

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through a donation, its cost shall be measured at its fair value on the date of acquisition.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

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



**Depreciation rates**

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10-50	Buildings	20-50
Electricity	20-30	Specialise vehicles	8-20
Water	15-30	Other vehicles	5-10
Sewerage	15-20	Office equipment	4-10
Housing	30	Furniture and fittings	10
		Watercraft	5
<b>Community</b>		Bins and containers	5
Recreational facilities	20-30	Plant and equipment	5
Security	5-10	Landfill sites	30
		Central processing units	4

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where appropriate, the term of the relevant lease, and are recognised in the Statement of Financial Performance.

**Heritage assets**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations.

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

Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

**Investment properties**

Investment properties are held to earn rental income, and/or for capital appreciation, and are stated at cost less accumulated depreciation and accumulated impairment losses. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Any gain or loss arising on the retirement or disposal of investment property is included surplus or deficit in the period of the retirement or disposal.

**Intangible assets**

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

The City recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the City, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets, estimated at three to five years.

**Non-current assets held-for-sale**

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to a plan to sell the asset, and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification.

An entity that is committed to a sales plan involving the loss of control in a controlled entity shall classify all the assets and liabilities of that controlled entity as held for sale when the criteria described above are met.

Assets classified as held-for-sale are measured at the lower of the asset's carrying amount or fair value less cost to sell.

**Impairment of cash and non-cash-generating assets**

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of cash and non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual cash-generating asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash-generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, at the same time every year, and whenever there is an indication that the asset may be impaired.

Recoverable amount of a cash generating asset is the higher of fair value less costs to sell and value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and value in use. The value in use is the present value of the remaining service potential of the asset and is determined using the depreciated replacement cost.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the City becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added or deducted from the fair value as appropriate on initial recognition.

### Financial assets

The classification of financial assets depends on their nature and purpose and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates that the City has the positive intent and ability to hold to maturity. Subsequent to initial recognition such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Subsequent to initial recognition such investments are measured at cost less any impairment.

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

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

### Financial liabilities

After initial recognition, the City measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

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

### Trade payables and other

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

### Trade and other receivables

Trade and other receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the City will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

## INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the weighted-average basis, and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period in which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

**REVENUE RECOGNITION**

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the City, and these benefits can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**Revenue from exchange transactions**

- Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.
- Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every alternative month on the basis of consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.
- Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.
- Income in respect of housing rental and instalment sale agreements is accrued monthly.
- Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund or the insurance reserve.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.
- Dividends are recognised when the City's right to receive payment is established.
- Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.
- Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
  - The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
  - The City retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
  - The amount of revenue can be measured reliably.
  - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
  - Prepaid electricity sold is only recognised as income once the related units are consumed.

**Revenue from non-exchange transactions**

- Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis with reference to the principal amount receivable and effective interest rate applicable.
 

A composite rating system, charging different rate tariffs, is employed. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.
- Fines constitute both spot fines and summonses. Revenue from spot fines and summonses are recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.
- Donations are recognised on a cash receipt basis, or at fair value, or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City.
- Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.

**OFFSETTING**

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**CONDITIONAL GRANTS AND RECEIPTS**

Income received from conditional grants, donations and subsidies is recognised to the extent that the City 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 and funds invested until it they are utilised.

Interest earned on the investment is treated in accordance with grant conditions.

**Grants and receipts of a revenue nature**

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

**Grants and receipts of a capital nature**

Income is transferred to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

**PROVISIONS**

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

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

**ENVIRONMENTAL REHABILITATION PROVISIONS**

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the City's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the Statement of Financial Performance. The discount rate has not been risk adjusted.

**CASH AND CASH EQUIVALENTS**

Cash includes cash on hand, cash with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

**EMPLOYEE BENEFITS****Retirement benefit plans**

The City provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans, under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

**Post-retirement pension funds**

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The City contributes monthly to the funds.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for in full in the year they occur in the Statement of Financial Performance.

**Medical aid: Continued members**

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the City is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the City will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the City's decision on protected rights. Post-retirement medical contributions paid by the City, and depending on the employee's contract, could either be 70%, 60% or a subsidy indicated on a sliding-scale basis. The employee is responsible for the balance of post-retirement medical contribution in each case. External appointments after December 2000 do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for in full in the year they occur in the Statement of Financial Statements. The projected unit credit method has been used to value the obligation.

**Short-term and long-term employee benefits**

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service. The City recognises the expected cost of performance bonuses only when the City has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The City provides long-term incentives to eligible employees, payable on completion of years of employment. The City's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for in full through the Statement of Financial Performance.

**LEASES****The City as lessee**

- Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the City.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

- Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.



**The City as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**GRANTS-IN-AID**

The City transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the City does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period in which the events giving rise to the transfer occurred.

**VALUE-ADDED TAX**

The City accounts for value-added tax on the payment basis.

**UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act, or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**FOREIGN- CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at balance sheet date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

**BORROWING COSTS**

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

**COMPARATIVE INFORMATION**

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

**BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items.

The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.



**1 PROPERTY, PLANT AND EQUIPMENT**

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
<b>As at 30 June 2011</b>							
Land and buildings	1 675 651	201 077	110 386	(241)	(78 201)	(9 866)	1 898 806
Infrastructure	10 259 317	(37 920)	1 832 881	(1)	(475 869)	-	11 578 408
Community	5 042 870	45 817	216 014	-	(232 331)	-	5 072 370
Leased assets	113 735	(34 955)	-	-	(13 188)	-	65 592
Other	2 235 219	(182 060)	676 535	(58 581)	(423 044)	-	2 248 069
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	-	611 546
<b>TOTAL</b>	<b>19 948 249</b>	<b>(309)</b>	<b>2 847 437</b>	<b>(61 425)</b>	<b>(1 249 295)</b>	<b>(9 866)</b>	<b>21 474 791</b>

(refer Appendix B for more detail)

<b>As at 30 June 2010</b>							
Land and buildings	1 612 088	(24 506)	223 059	(323)	(82 633)	(52 034)	1 675 651
Infrastructure	8 440 973	(510 819)	2 697 418	-	(368 255)	-	10 259 317
Community	3 778 151	540 008	853 099	-	(128 388)	-	5 042 870
Leased assets	133 704	-	-	-	(19 969)	-	113 735
Other	1 722 957	(4 747)	874 589	(5 337)	(352 237)	(6)	2 235 219
Housing rental stock	641 140	-	7 235	(452)	(26 466)	-	621 457
<b>TOTAL</b>	<b>16 329 013</b>	<b>(64)</b>	<b>4 655 400</b>	<b>(6 112)</b>	<b>(977 948)</b>	<b>(52 040)</b>	<b>19 948 249</b>

The leased property, plant and equipment are encumbered, as set out in note 12. Provision has been made for the estimated cost of rehabilitation of waste sites, included in other assets, as described in note 13.

The City is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of its life would therefore be nil or insignificant. During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

Fully depreciated assets at an original cost of R1,91 billion are still currently in use.

The annual review of the useful lives of assets resulted in an increase in the depreciation charge to the Statement of Financial Performance of R17,20 million.

**2 HERITAGE ASSETS**

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2011</b>					
Assets under construction	1 660	-	1 901	-	3 561
Paintings and art galleries	8 342	(9)	30	(10)	8 353
<b>TOTAL</b>	<b>10 002</b>	<b>(9)</b>	<b>1 931</b>	<b>(10)</b>	<b>11 914</b>

(refer Appendix B for more detail)

<b>As at 30 June 2010</b>					
Assets under construction	1 722	(600)	538	-	1 660
Paintings and art galleries	7 718	600	60	(36)	8 342
<b>TOTAL</b>	<b>9 440</b>	<b>-</b>	<b>598</b>	<b>(36)</b>	<b>10 002</b>

**3 INVESTMENT PROPERTY**

	Opening balance R'000	Transfers/ adjustments R'000	Depreciation R'000	Carrying value R'000
<b>As at 30 June 2011</b>				
Vacant land	38 366	-	-	38 366
Land and buildings	48 694	537	(2 598)	46 633
<b>TOTAL</b>	<b>87 060</b>	<b>537</b>	<b>(2 598)</b>	<b>84 999</b>

(refer Appendix B for more detail)

**As at 30 June 2010**

Vacant land	38 366	-	-	38 366
Land and buildings	53 180	(22)	(4 464)	48 694
<b>TOTAL</b>	<b>91 546</b>	<b>(22)</b>	<b>(4 464)</b>	<b>87 060</b>

Rental income has been received on various properties during the year.

**4 INTANGIBLE ASSETS**

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
<b>As at 30 June 2011</b>					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884

(refer Appendix B for more detail)

**As at 30 June 2010**

Computer software (acquired separately)	32 821	(102)	7 927	(8 937)	31 709
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The capitalised computer software was estimated to have a finite life of five years at acquisition. The software is amortised using the straight-line method over a period of 5 years.

**5 ASSETS CLASSIFIED AS HELD-FOR-SALE**

	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2011</b>				
Land held for sale	66	61	(1)	126

(refer Appendix B for more detail)

**As at 30 June 2010**

Land held for sale	-	66	-	66
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Various properties have been presented as held-for-sale following a Council decision to dispose of properties no longer required for municipal purposes. These properties are identified for sale as and when the need arises.

	2011 R'000	2010 R'000
<b>6 INVESTMENTS</b>		
<b>6.1 Investment at amortised cost</b>		
RSA Government stock	1 634 813	3 155 353
Sinking-fund deposits - note 39	48 472	42 826
Other fixed deposits	1 132 233	248 387
	1 473 108	2 864 140
	(1 523 336)	(2 919 876)
Provision for impairment	(9 616)	(9 616)
Current portion included in short-term investments	(50 294)	(55 800)
Call and term deposits included in cash and cash equivalents - refer note 11	(1 463 426)	(2 854 460)
<b>Total at amortised cost</b>	<b>111 477</b>	<b>235 477</b>
<b>Collateral deposits for staff housing loans</b>		
Included in other fixed deposits (unlisted investments) above are fixed deposits with a carrying value of R0,47 million (2010: R0,47 million), which were pledged as security deposits for securing staff home loans with financial institutions.		
These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The City has not issued fixed deposits as security since 2000. The City's exposure to risk is minimised by an assurance policy taken out by the employee, and ceded to the City to cover the guaranteed deposit.		
<b>6.2 Investment at fair value</b>		
Sinking-fund deposits - note 39	3 638 038	1 522 542
Deposits held with fund managers	363 765	-
	3 274 273	1 522 542
	(3 638 038)	(1 522 542)
Current portion included in short-term investments	(2 096 302)	(4 076)
Call and term deposits included in cash and cash equivalents - refer note 11	(1 541 736)	(1 518 466)
<b>Total at fair value</b>	<b>-</b>	<b>-</b>
<b>6.3 Investment at cost</b>		
Cape Town International Convention Centre (Pty) Ltd	38 768	38 768
Original investment at cost	284 000	284 000
Provision for impairment	(245 232)	(245 232)
The carrying amount of the City's investment in Convenco, R284 million, has been compared with its share of the present value of Convenco's estimated future cash flows discounted at a market related rate of interest. As at 30 June 2011, the value of the previous financial year end was maintained as the change in value was considered insignificant. The impairment loss provision at 30 June 2011 is therefore maintained at R245,23 million.		
Cape Town Community Housing Company (Pty) Ltd	-	-
Original investment at cost	2 500	2 500
Provision for impairment	(2 500)	(2 500)
<b>Total at cost</b>	<b>38 768</b>	<b>38 768</b>
<b>TOTAL</b>	<b>150 245</b>	<b>274 245</b>
<b>6.4 Short term investments</b>		
Investment at amortised cost	50 294	55 800
Investment at fair value	2 096 302	4 076
<b>TOTAL</b>	<b>2 146 596</b>	<b>59 876</b>
<b>TOTAL INVESTMENTS</b>	<b>2 296 841</b>	<b>334 121</b>

**7 LONG-TERM RECEIVABLES**

Loans to employees  
Sporting bodies  
Housing land sales

Public organisations  
Provision for impairment

Housing selling development loans  
Provision for impairment

Current portion transferred to current receivables

**TOTAL****Reconciliation of impairment provision**

Balance at beginning of the year  
Contributions (from)/to provisions  
Transfers to provisions

**Balance as at 30 June****Loans to employees**

Staff are entitled to various loans, such as car and computer loans, which attract interest at 8% to 17% per annum, and are repayable over a maximum period of six years. These loans were granted before the implementation of the Municipal Finance Management Act, and were fully paid in the 2010 financial year.

**Sporting bodies**

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum and are repayable over a maximum period of 20 years.

**Public organisations**

Loans to public organisations are granted in terms of National Housing Policy. At present, these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

**Housing selling-development loans**

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 9,0% per annum and are repayable over 20 years. The interest rate is determined as per Council policy.

	2011	2010
	R'000	R'000
	-	12
	1 363	1 519
	1 104	1 184
	23 798	25 485
	28 657	30 175
	(4 859)	(4 690)
	108 454	108 338
	200 655	222 049
	(92 201)	(113 711)
	134 719	136 538
	(19 193)	(17 480)
<b>TOTAL</b>	<b>115 526</b>	<b>119 058</b>
	118 401	105 321
	(21 510)	13 080
	169	-
<b>Balance as at 30 June</b>	<b>97 060</b>	<b>118 401</b>

**8 INVENTORY**

Consumable stores  
Medical supplies  
Spare parts and meters  
Water  
Other goods held for resale  
Green electricity rights

**TOTAL**

	2011	2010
	R'000	R'000
	196 099	159 520
	492	918
	14 351	11 600
	18 293	13 312
	3 549	9 702
	2 465	2 028
<b>TOTAL</b>	<b>235 249</b>	<b>197 080</b>

Inventory to the value of R678 793 (2010: R806 334) was taken on during the year. Inventories (excluding bulk water) that were recognised as expenses during the year amounted to R639,45 million, of which a portion was capitalised. Green-electricity rights are rights to sell green units at green tariffs to consumers upon their request for green electricity.

## 9 TRADE RECEIVABLES

**As at 30 June 2011****From exchange transactions**

Service debtors  
Housing rental stock  
Housing selling stock  
Other exchange debtors

**From non-exchange transactions**

Rates debtors  
Other non-exchange debtors

**TOTAL**

	<b>Gross balance R'000</b>	<b>Provision for impairment R'000</b>	<b>Net balance R'000</b>
	5 522 855	(3 068 454)	2 454 401
Service debtors	4 592 489	(2 334 751)	2 257 738
Housing rental stock	421 713	(377 366)	44 347
Housing selling stock	389 461	(347 178)	42 283
Other exchange debtors	119 192	(9 159)	110 033
	2 001 789	(747 079)	1 254 710
Rates debtors	1 941 869	(712 937)	1 228 932
Other non-exchange debtors	59 920	(34 142)	25 778
<b>TOTAL</b>	<b>7 524 644</b>	<b>(3 815 533)</b>	<b>3 709 111</b>

**As at 30 June 2010****From exchange transactions**

Service debtors  
Housing rental stock  
Housing selling stock  
Other exchange debtors

**From non-exchange transactions**

Rates debtors  
Other non-exchange debtors

**TOTAL**

	4 890 699	(2 651 956)	2 238 743
Service debtors	3 982 011	(1 929 317)	2 052 694
Housing rental stock	393 706	(350 403)	43 303
Housing selling stock	392 659	(359 161)	33 498
Other exchange debtors	122 323	(13 075)	109 248
	1 770 141	(647 474)	1 122 667
Rates debtors	1 722 172	(638 371)	1 083 801
Other non-exchange debtors	47 969	(9 103)	38 866
<b>TOTAL</b>	<b>6 660 840</b>	<b>(3 299 430)</b>	<b>3 361 410</b>

Consumer debtors to the amount of R1,47 billion (2010: R1,18 billion) are only due after 30 days. Included in the outstanding balances are consumer debtors to the value of R497,97 million (2010: R466,76 million), who have made arrangements to repay their outstanding debt over a renegotiated period. At 30 June 2011, the City's trade receivables balance included an amount of approximately R173 million (2010: R263,16 million) due by National Government and the Provincial Government.

<b>2011</b>	<b>2010</b>
<b>R'000</b>	<b>R'000</b>

**Reconciliation of impairment provision**

Balance at beginning of the year	3 299 430	3 079 562
Contributions to provisions	785 503	597 548
Transfers to provisions	3 292	1 288
Bad debts written off	(272 692)	(378 968)
<b>Balance as at 30 June</b>	<b>3 815 533</b>	<b>3 299 430</b>

**Reconciliation of impairment provision**

In determining the recoverability of a trade receivable, the City considers any change in the credit quality of the trade receivable from the date on which the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.



## Analysis of trade receivables' age in days

As at 30 June 2011	Total R'000	Not due R'000	0 - 30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
<b>From exchange transactions</b>							
Electricity	1 035 999	612 027	131 884	40 547	19 886	109 009	122 646
Provision for impairment	(144 384)	(14 566)	(3 139)	(965)	(473)	(2 595)	(122 646)
	<b>891 615</b>	<b>597 461</b>	<b>128 745</b>	<b>39 582</b>	<b>19 413</b>	<b>106 414</b>	-
Water	2 233 811	191 120	157 288	75 002	58 744	449 114	1 302 543
Provision for impairment	(1 438 228)	(27 846)	(22 917)	(10 927)	(8 559)	(65 436)	(1 302 543)
	<b>795 583</b>	<b>163 274</b>	<b>134 371</b>	<b>64 075</b>	<b>50 185</b>	<b>383 678</b>	-
Waste management	367 479	43 328	28 845	17 284	12 899	83 099	182 024
Provision for impairment	(194 023)	(2 803)	(1 866)	(1 118)	(835)	(5 377)	(182 024)
	<b>173 456</b>	<b>40 525</b>	<b>26 979</b>	<b>16 166</b>	<b>12 064</b>	<b>77 722</b>	-
Wastewater management	955 200	100 707	69 942	37 535	34 103	217 407	495 506
Provision for impairment	(558 116)	(13 716)	(9 526)	(5 112)	(4 645)	(29 611)	(495 506)
	<b>397 084</b>	<b>86 991</b>	<b>60 416</b>	<b>32 423</b>	<b>29 458</b>	<b>187 796</b>	-
Housing rental stock	421 713	23 432	12 033	9 295	9 204	80 422	287 327
Provision for impairment	(377 366)	(15 699)	(8 062)	(6 228)	(6 167)	(53 883)	(287 327)
	<b>44 347</b>	<b>7 733</b>	<b>3 971</b>	<b>3 067</b>	<b>3 037</b>	<b>26 539</b>	-
Housing selling stock	389 461	30 076	5 845	2 667	2 560	36 352	311 961
Provision for impairment	(347 178)	(13 254)	(3 061)	(1 225)	(1 175)	(16 502)	(311 961)
	<b>42 283</b>	<b>16 822</b>	<b>2 784</b>	<b>1 442</b>	<b>1 385</b>	<b>19 850</b>	-
Other exchange debtors	119 192	(26 927)	210 123	(16 594)	(10 479)	(37 514)	583
Provision for impairment	(9 159)	1 947	(15 192)	1 199	758	2 712	(583)
	<b>110 033</b>	<b>(24 980)</b>	<b>194 931</b>	<b>(15 395)</b>	<b>(9 721)</b>	<b>(34 802)</b>	-
<b>Gross exchange debtors</b>	<b>5 522 855</b>	<b>973 763</b>	<b>615 960</b>	<b>165 736</b>	<b>126 917</b>	<b>937 889</b>	<b>2 702 590</b>
Provision for impairment	<b>(3 068 454)</b>	<b>(85 937)</b>	<b>(63 763)</b>	<b>(24 376)</b>	<b>(21 096)</b>	<b>(170 692)</b>	<b>(2 702 590)</b>
<b>From non-exchange transactions</b>							
Rates debtors	1 941 869	483 699	270 028	108 203	45 160	392 267	642 512
Provision for impairment	(712 937)	(26 216)	(14 636)	(5 864)	(2 448)	(21 261)	(642 512)
	<b>1 228 932</b>	<b>457 483</b>	<b>255 392</b>	<b>102 339</b>	<b>42 712</b>	<b>371 006</b>	-
Other non-exchange debtors	59 920	13 566	3 448	3 505	867	6 401	32 133
Provision for impairment	(34 142)	(981)	(249)	(253)	(63)	(463)	(32 133)
	<b>25 778</b>	<b>12 585</b>	<b>3 199</b>	<b>3 252</b>	<b>804</b>	<b>5 938</b>	-
<b>Gross non-exchange debtors</b>	<b>2 001 789</b>	<b>497 265</b>	<b>273 476</b>	<b>111 708</b>	<b>46 027</b>	<b>398 668</b>	<b>674 645</b>
Provision for impairment	<b>(747 079)</b>	<b>(27 197)</b>	<b>(14 885)</b>	<b>(6 117)</b>	<b>(2 511)</b>	<b>(21 724)</b>	<b>(674 645)</b>
<b>Gross debtors</b>	<b>7 524 644</b>	<b>1 471 028</b>	<b>889 436</b>	<b>277 444</b>	<b>172 944</b>	<b>1 336 557</b>	<b>3 377 235</b>
Total provision for impairment	<b>(3 815 533)</b>	<b>(113 134)</b>	<b>(78 648)</b>	<b>(30 493)</b>	<b>(23 607)</b>	<b>(192 416)</b>	<b>(3 377 235)</b>
<b>TOTAL</b>	<b>3 709 111</b>	<b>1 357 894</b>	<b>810 788</b>	<b>246 951</b>	<b>149 337</b>	<b>1 144 141</b>	-

## Analysis of trade receivables' age in days

As at 30 June 2010	Total R'000	Not due R'000	0 - 30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
<b>From exchange transactions</b>							
Electricity	906 308	490 221	146 027	45 551	15 506	93 490	115 513
Provision for impairment	(159 323)	(27 158)	(8 090)	(2 524)	(859)	(5 179)	(115 513)
	<b>746 985</b>	<b>463 063</b>	<b>137 937</b>	<b>43 027</b>	<b>14 647</b>	<b>88 311</b>	-
Water	1 954 152	170 486	157 278	81 446	51 802	397 252	1 095 888
Provision for impairment	(1 179 483)	(16 605)	(15 319)	(7 933)	(5 046)	(38 692)	(1 095 888)
	<b>774 669</b>	<b>153 881</b>	<b>141 959</b>	<b>73 513</b>	<b>46 756</b>	<b>358 560</b>	-
Waste management	319 525	31 118	25 961	14 511	8 933	71 002	168 000
Provision for impairment	(168 788)	(162)	(135)	(75)	(46)	(370)	(168 000)
	<b>150 737</b>	<b>30 956</b>	<b>25 826</b>	<b>14 436</b>	<b>8 887</b>	<b>70 632</b>	-
Wastewater management	802 026	83 954	70 905	39 542	24 314	189 467	393 844
Provision for impairment	(421 723)	(5 734)	(4 843)	(2 701)	(1 661)	(12 940)	(393 844)
	<b>380 303</b>	<b>78 220</b>	<b>66 062</b>	<b>36 841</b>	<b>22 653</b>	<b>176 527</b>	-
Housing rental stock	393 706	25 354	12 248	8 401	8 215	95 103	244 385
Provision for impairment	(350 403)	(18 001)	(8 696)	(5 965)	(5 833)	(67 523)	(244 385)
	<b>43 303</b>	<b>7 353</b>	<b>3 552</b>	<b>2 436</b>	<b>2 382</b>	<b>27 580</b>	-
Housing selling stock	392 659	24 498	7 327	2 934	2 643	30 375	324 882
Provision for impairment	(359 161)	(12 332)	(3 748)	(1 501)	(1 352)	(15 346)	(324 882)
	<b>33 498</b>	<b>12 166</b>	<b>3 579</b>	<b>1 433</b>	<b>1 291</b>	<b>15 029</b>	-
Other exchange debtors	122 323	(11 658)	152 955	(4 739)	(9 075)	(5 160)	-
Provision for impairment	(13 075)	1 441	(16 863)	566	1 022	759	-
	<b>109 248</b>	<b>(10 217)</b>	<b>136 092</b>	<b>(4 173)</b>	<b>(8 053)</b>	<b>(4 401)</b>	-
<b>Gross exchange debtors</b>	<b>4 890 699</b>	<b>813 973</b>	<b>572 701</b>	<b>187 646</b>	<b>102 338</b>	<b>871 529</b>	<b>2 342 512</b>
Provision for impairment	<b>(2 651 956)</b>	<b>(78 551)</b>	<b>(57 694)</b>	<b>(20 133)</b>	<b>(13 775)</b>	<b>(139 291)</b>	<b>(2 342 512)</b>
<b>From non-exchange transactions</b>							
Rates debtors	1 722 172	365 785	286 851	99 412	36 159	431 464	502 501
Provision for impairment	(638 371)	(40 748)	(31 955)	(11 074)	(4 028)	(48 065)	(502 501)
	<b>1 083 801</b>	<b>325 037</b>	<b>254 896</b>	<b>88 338</b>	<b>32 131</b>	<b>383 399</b>	-
Other non-exchange debtors	47 969	3 948	1 036	2 311	596	35 846	4 232
Provision for impairment	(9 103)	(440)	(115)	(257)	(66)	(3 993)	(4 232)
	<b>38 866</b>	<b>3 508</b>	<b>921</b>	<b>2 054</b>	<b>530</b>	<b>31 853</b>	-
<b>Gross non-exchange debtors</b>	<b>1 770 141</b>	<b>369 733</b>	<b>287 887</b>	<b>101 723</b>	<b>36 755</b>	<b>467 310</b>	<b>506 733</b>
Provision for impairment	<b>(647 474)</b>	<b>(41 188)</b>	<b>(32 070)</b>	<b>(11 331)</b>	<b>(4 094)</b>	<b>(52 058)</b>	<b>(506 733)</b>
<b>Gross debtors</b>	<b>6 660 840</b>	<b>1 183 706</b>	<b>860 588</b>	<b>289 369</b>	<b>139 093</b>	<b>1 338 839</b>	<b>2 849 245</b>
Total provision for impairment	<b>(3 299 430)</b>	<b>(119 739)</b>	<b>(89 764)</b>	<b>(31 464)</b>	<b>(17 869)</b>	<b>(191 349)</b>	<b>(2 849 245)</b>
<b>TOTAL</b>	<b>3 361 410</b>	<b>1 063 967</b>	<b>770 824</b>	<b>257 905</b>	<b>121 224</b>	<b>1 147 490</b>	-

**10 OTHER RECEIVABLES**

	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>As at 30 June 2011</b>			
<b>From exchange transactions</b>	146 982	(60 649)	86 333
Payments made in advance	130	-	130
Property rentals	55 808	(54 527)	1 281
Other exchange debtors	91 044	(6 122)	84 922
<b>From non-exchange transactions</b>	107 455	-	107 455
Government subsidies	35 723	-	35 723
Other non-exchange debtors	71 732	-	71 732
<b>TOTAL</b>	<b>254 437</b>	<b>(60 649)</b>	<b>193 788</b>
<b>As at 30 June 2010</b>			
<b>From exchange transactions</b>	233 367	(50 749)	182 618
Payments made in advance	117	-	117
Property rentals	93 188	(47 210)	45 978
Other exchange debtors	140 062	(3 539)	136 523
<b>From non-exchange transactions</b>	138 483	-	138 483
Government subsidies	90 118	-	90 118
Other non-exchange debtors	48 365	-	48 365
<b>TOTAL</b>	<b>371 850</b>	<b>(50 749)</b>	<b>321 101</b>

Included in general is an amount of R3,22 million (2010: R47,48 million) for VAT due by the South African Revenue Service.

	2011 R'000	2010 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	50 749	23 733
Contributions to provisions	9 900	25 223
Transfers to provisions	-	1 793
<b>Balance as at 30 June</b>	<b>60 649</b>	<b>50 749</b>

In determining the recoverability of other receivable, the City considers any change in the credit quality of other receivable from the date on which the credit was initially granted, up to the reporting date.

## Analysis of other receivables' age in days

As at 30 June 2011

## From exchange transactions

Payments made in advance

Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
130	130	-	-	-	-	-
<b>130</b>	<b>130</b>	-	-	-	-	-

Property rentals

Provision for impairment

55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
<b>1 281</b>	<b>1 281</b>	-	-	-	-	-

Other exchange debtors

Provision for impairment

91 044	79 276	3 758	167	221	1 814	5 808
(6 122)	(1)	(45)	(12)	(13)	(243)	(5 808)
<b>84 922</b>	<b>79 275</b>	<b>3 713</b>	<b>155</b>	<b>208</b>	<b>1 571</b>	-

## Gross exchange debtors

Provision for impairment

<b>146 982</b>	<b>83 150</b>	<b>11 582</b>	<b>2 048</b>	<b>1 569</b>	<b>(11 624)</b>	<b>60 257</b>
<b>(60 649)</b>	<b>(2 464)</b>	<b>(7 869)</b>	<b>(1 893)</b>	<b>(1 361)</b>	<b>13 195</b>	<b>(60 257)</b>

## From non-exchange transactions

Government subsidies

Other non-exchange debtors

35 723	24 225	6 047	1 206	375	3 870	-
71 732	71 732	-	-	-	-	-

## Gross non-exchange debtors

<b>107 455</b>	<b>95 957</b>	<b>6 047</b>	<b>1 206</b>	<b>375</b>	<b>3 870</b>	-
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## Gross debtors

Total provision for impairment

<b>254 437</b>	<b>179 107</b>	<b>17 629</b>	<b>3 254</b>	<b>1 944</b>	<b>(7 754)</b>	<b>60 257</b>
<b>(60 649)</b>	<b>(2 464)</b>	<b>(7 869)</b>	<b>(1 893)</b>	<b>(1 361)</b>	<b>13 195</b>	<b>(60 257)</b>

TOTAL

<b>193 788</b>	<b>176 643</b>	<b>9 760</b>	<b>1 361</b>	<b>583</b>	<b>5 441</b>	-
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## Analysis of other receivables' age in days

As at 30 June 2010

## From exchange transactions

Payments made in advance

Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
117	117	-	-	-	-	-
<b>117</b>	<b>117</b>	-	-	-	-	-

Property rentals

Provision for impairment

93 188	47 424	(1 446)	1 701	569	11 646	33 294
(47 210)	-	-	(1 701)	(569)	(11 646)	(33 294)
<b>45 978</b>	<b>47 424</b>	<b>(1 446)</b>	-	-	-	-

Other exchange debtors

Provision for impairment

140 062	123 539	13 856	390	328	(501)	2 450
(3 539)	(2)	(98)	(112)	(91)	(786)	(2 450)
<b>136 523</b>	<b>123 537</b>	<b>13 758</b>	<b>278</b>	<b>237</b>	<b>(1 287)</b>	-

## Gross exchange debtors

Provision for impairment

<b>233 367</b>	<b>171 080</b>	<b>12 410</b>	<b>2 091</b>	<b>897</b>	<b>11 145</b>	<b>35 744</b>
<b>(50 749)</b>	<b>(2)</b>	<b>(98)</b>	<b>(1 813)</b>	<b>(660)</b>	<b>(12 432)</b>	<b>(35 744)</b>

## From non-exchange transactions

Government subsidies

Other non-exchange debtors

90 118	1 304	70 846	13 570	300	4 098	-
48 365	48 365	-	-	-	-	-

## Gross non-exchange debtors

<b>138 483</b>	<b>49 669</b>	<b>70 846</b>	<b>13 570</b>	<b>300</b>	<b>4 098</b>	-
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## Gross debtors

Total provision for impairment

<b>371 850</b>	<b>220 749</b>	<b>83 256</b>	<b>15 661</b>	<b>1 197</b>	<b>15 243</b>	<b>35 744</b>
<b>(50 749)</b>	<b>(2)</b>	<b>(98)</b>	<b>(1 813)</b>	<b>(660)</b>	<b>(12 432)</b>	<b>(35 744)</b>

TOTAL

<b>321 101</b>	<b>220 747</b>	<b>83 158</b>	<b>13 848</b>	<b>537</b>	<b>2 811</b>	-
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**11 CASH AND CASH EQUIVALENTS (BANK AND CASH)**

	2011 R'000	2010 R'000
Bank balance	116 877	115 311
ABSA - Primary bank account	40-5658-4470 116 867	115 310
Salary bank account	40-5658-4496 -	-
Cashier's bank account	40-5658-4527 -	-
General income account (primary)	40-5658-4569 -	-
Traffic fines bank account	40-7261-8663 -	-
IRT funding account	5435522023983015 10	-
FNB - Traffic fines bank account	62073198816 -	1
Year-end accruals	(194)	(10)
Interest accrual	291	564
Bank charges accrual	(485)	(574)
Net cash in bank	<b>116 683</b>	<b>115 301</b>
Cash on hand and in transit	29 412	22 952
Call and term deposits - refer note 6	1 463 426	2 854 460
<b>Amortised cost</b>	<b>1 609 521</b>	<b>2 992 713</b>
Call and term deposits - refer note 6	1 541 736	1 518 466
<b>Fair value</b>	<b>1 541 736</b>	<b>1 518 466</b>
<b>TOTAL</b>	<b>3 151 257</b>	<b>4 511 179</b>

Cash and cash equivalents comprise cash held and short term deposits.

**12 LONG-TERM BORROWINGS**

Local registered stock loans	4 278 903	4 278 977
Concessionary loans	30 357	33 243
Other loans	1 273 648	1 444 277
Finance leases	66 281	146 019
Subtotal - refer to Appendix A for more details	5 649 189	5 902 516
Current portion transferred to current liabilities	(305 353)	(361 475)
<b>TOTAL</b>	<b>5 343 836</b>	<b>5 541 041</b>

The capitalised lease liabilities are secured by items of leased plant, to the carrying value of R65,59 million (2010: R113,74 million). R477,00 million (2010: R248,39 million) has been ring-fenced for the repayment of long-term liabilities - refer note 6 and 39 for more details.

**Long-term borrowings detailed as follows:****LOCAL REGISTERED STOCK**

<b>4 278 903</b>	<b>4 278 977</b>
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**ABSA Nominees (Pty) Ltd**

7 047	7 047
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Secured bond paying fixed interest semi-annually. As security, a sinking fund was established, which, together with interest capitalised, will be used to settle the original loan liability on 31 March 2014.

**Listed Bonds**

4 271 856	4 271 930
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In terms of the City's Domestic Medium Term Note (DMTN) Programme registered on the Johannesburg Stock Exchange (JSE) unsecured bonds totalling R4,20 billion listed on the JSE Limited (JSE) of South Africa. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. Certain bond raising costs have been capitalised and offset against the proceeds thereof, and were subsequently written off over the periods of the respective bonds. Sinking funds have been established for the purpose of providing for the capital repayment at the dates of redemption.

**CONCESSIONARY LOANS****Development Bank of Southern Africa (DBSA)**

Unsecured fixed term concessionary loan repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.

**Nedcor Bank**

Unsecured fixed-rate loan, interest payable annually, and loan capital repayable on 31 August 2019.

**OTHER LOANS****Development Bank of Southern Africa (DBSA)**

Unsecured fixed interest loans, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Various final redemptions.

**FirstRand Bank**

Structured R125,00 million 15-year loan, repayable semi-annually in equal instalments of capital and fixed-rate interest.

As part of the loan structure, the City sold moveable assets with a market value of R125,00 million to FirstRand Bank. FirstRand Bank leased the assets back to the City over 15 years, with rentals payable during the years 2009-2011. At the same time, the City lent R125,00 million to FirstRand Bank, repayable together with interest on the same dates and in the same amounts as the rental payable by the City under the lease agreement. The City ceded its rights under its loan to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness. This loan was repaid on 30 June 2011.

**FirstRand Bank**

Structured R220,00 million 15-year loan of which, R200,00 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20,00 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20,00 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group.

As part of the loan structure, the City purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220,00 million. R20,00 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, R200,00, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200,00 million the first day one of the policies. The City has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the City's obligations to FirstRand Bank under the policies and any other debt liability.

**FirstRand Bank**

Structured R150,00 million 15-year loan, repayable semi-annually in equal instalments of capital and fixed interest.

As part of the loan structure, the City leased moveable electricity assets with a market value of R150,00 million to FirstRand Bank for 20 years. Rental is payable in three instalments during 1998-2000, with a nominal annual rental thereafter. The rentals are payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the City over 15 years, with rentals payable during the years 2003-2013 out of the deposit account, which will reduce to zero on 30 June 2013. The City has ceded its rights to repayment of the deposit to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.

**ABSA Bank**

Unsecured fixed-interest loan, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance, final redemption on 30 June 2018.

	2011 R'000	2010 R'000
<b>CONCESSIONARY LOANS</b>	<b>30 357</b>	<b>33 243</b>
<b>Development Bank of Southern Africa (DBSA)</b>	30 343	33 231
<b>Nedcor Bank</b>	14	12
<b>OTHER LOANS</b>	<b>1 273 648</b>	<b>1 444 277</b>
<b>Development Bank of Southern Africa (DBSA)</b>	731 991	827 884
<b>FirstRand Bank</b>	-	19 931
<b>FirstRand Bank</b>	183 268	189 299
<b>FirstRand Bank</b>	41 643	59 336
<b>ABSA Bank</b>	140 000	160 000



2011	2010
R'000	R'000

**FirstRand Bank**

Structured R300,00 million 15-year loan of which, R74,30 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,70 million payable in one instalment, together with capitalised fixed-rate interest, on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.

As part of the loan structure, the City purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand Bank and FutureGrowth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The City has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the City's obligations to FirstRand Bank under the put-option agreement and any other debt liability.

176 746

187 827

**FINANCE LEASES****Nedbank**

Sale and leaseback, structured R55,30 million 15-year loan, funded by Nedbank through an infrastructure trust. Lease rentals equating to fixed-rate interest are payable semi-annually over 15 years; a bullet rental amount of R55,30 million is payable on 2 January 2012 out of the proceeds of a sinking fund. The City deposits equal amounts with Nedbank semi-annually, which, together with compounded interest over 15 years, will equate to the original loan capital. The City has ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital.

An additional floating-rate liability of R2,25 million (2010: R4,19 million) arising from a restructuring of the loan is repayable over the remaining life of the loan.

66 281

146 019

61 997

64 107

**Investec**

Sale and leaseback, structured R54,80 million 15-year loan, funded by Investec Bank. Lease rentals equating to loan fixed-rate interest plus capital are payable semi-annually over 15 years. Investec has granted the City the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The City has deposited with Investec an amount, which, together with compound interest, will equate to the option price payable on 31 December 2011.

The City has ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.

4 284

12 014

**Standard Corporate and Investment Bank (SCMB)**

Sale and leaseback, structured R59,30 million 15-year loan. The City sold moveable electricity assets to Standard Bank at the market value of R59,30 million. The City invested R5,80 million of the proceeds in a sinking-fund deposit, which, when compounded over 15 years at a fixed rate of interest, grew to the original loan capital amount. Standard Bank leased the assets back to the City, with rentals equating to the loan fixed-rate interest, payable annually over 15 years. A bullet rental amount of R59,30 million was paid on 24 June 2011 out of the sinking-fund deposit.

-

69 898

**TOTAL** - refer to Appendix A for more details

5 649 189

5 902 516

The rates of interest payable on the abovementioned structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the allowability of deductions by the lenders for income tax purposes in connection with these loans. In the event of changes to, or interpretation of, the Income Tax Act (Act No. 58 of 1962) or any other relevant legislation that has an impact on the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

**13 PROVISIONS (NON-CURRENT)**

	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement medical aid benefits R'000	Post-retirement pension benefits R'000	Total R'000
<b>As at 30 June 2011</b>					
Balance at beginning of the year	298 902	361 386	2 375 458	13 368	3 049 114
Interest cost	30 591	33 604	243 681	428	308 304
Service cost and transitional liability	22 565	(55 619)	50 846	1 401	19 193
Benefit payments	(34 528)	-	(114 570)	(2 585)	(151 683)
Actuarial (gain)/loss	(11 029)	-	302 782	3 338	295 091
Additional provisions made	43 282	35 500	124 696	1 847	205 325
	349 783	374 871	2 982 893	17 797	3 725 344
Transfer to current provision	(37 489)	(32 000)	(141 553)	(1 965)	(213 007)
<b>TOTAL</b>	<b>312 294</b>	<b>342 871</b>	<b>2 841 340</b>	<b>15 832</b>	<b>3 512 337</b>

**Long-service leave benefits**

An actuarial valuation has been performed of the City's liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

**Discount rate**

The fund benefit liability as at 30 June 2011 has been discounted at the market yields on Government bonds consistent with the estimated term of the liability. A discount rate of 7,69% per annum has been used.

2011	2010
%	%

**Key financial assumptions**

Discount rate	8,2	8,9
General inflation rate (CPI)	6,3	5,3
Salary increase	6,5	6,3

**Environmental rehabilitation**

Provision is made in terms of the City's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 5,6% (2010: 5,4%) and discounted to present value at the average borrowing cost of 10,97% (2010: 11,3%); hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2011 and 2020.

**Post-retirement medical aid and pension benefits**

An actuarial valuation has been performed of the City's liability in respect of benefits to eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – refer note 46 for more details.

2011	2010
R'000	R'000

**14 DEPOSITS**

Electricity and water	233 248	228 865
Other deposits	244	295
	<b>233 492</b>	<b>229 160</b>

Guarantees held in lieu of electricity and water deposits were R29,26 million (2010: R29,63 million). Deposits are released when the owner/occupant of a property terminates the contract with the City to supply water and electricity to a property, or when certain contractual services are delivered.

**15 PROVISIONS**

	Opening balance 2011 R'000	Raised from Statement of Financial Performance R'000	Reversed to Statement of Financial Performance R'000	Transfers from non-current R'000	Closing balance 2011 R'000
Other provisions	147 282	14 274	(12 344)	-	149 212
Insurance claims	5 992	4 986	(5 992)	-	4 986
Post-retirement benefits	126 543	-	(126 543)	143 518	143 518
Legal fees	2 803	2 003	(2 803)	-	2 003
Environmental rehabilitation	35 500	-	-	(3 500)	32 000
Leave benefits	421 326	20 419	(43 282)	37 489	435 952
<b>TOTAL</b>	<b>739 446</b>	<b>41 682</b>	<b>(190 964)</b>	<b>177 507</b>	<b>767 671</b>

**Insurance and COID claims**

Provision has been made for outstanding insurance claims as at 30 June 2011, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

**Legal fees**

Legal costs relating to the process of defending City of Cape Town in Labour Appeal Court and Labour Court cases, for which court dates have already been set. The calculations of these amounts are based on assessments by attorneys.

**Staff leave**

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

**16 PAYABLES FROM EXCHANGE TRANSACTIONS**

	2011 R'000	2010 R'000
Trade creditors	2 152 151	1 989 078
Payments received in advance	785 846	663 885
Inter-company advances	76 489	90 907
Third-party payments	215 034	187 675
Other creditors	92 397	131 342
<b>TOTAL</b>	<b>3 321 917</b>	<b>3 062 887</b>

Guarantees held in lieu of retentions were R662,24 million (2010: R154,36 million).

Trade payables are non-interest-bearing and are normally settled on 30-day terms, except retentions that could be settled after 12 months.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

**17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS****Conditional grants from other spheres of government**

	2011 R'000	2010 R'000
Municipal infrastructure grant (MIG)	63 547	-
National Government	663 795	702 923
Provincial Government Western Cape (PGWC) - other	394 806	246 903

**Other conditional receipts**

Public contributions	85 584	98 614
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**TOTAL**

<b>1 207 732</b>	<b>1 048 440</b>
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These amounts are separately invested in terms of Section 12 of the Municipal Finance Management Act. Refer note 27 and 28 for more details of grants from National and Provincial Government.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance for the integrated rapid transit system.

The launching of projects in many instances is a protracted process due to interest groups' participation. No amounts are due for repayment to the donors, for the reasons set out above.

	2011 R'000	2010 R'000
<b>18 VAT</b>		
VAT payable	435 785	406 598
VAT receivable	(216 063)	(193 750)
<b>TOTAL NET VAT PAYABLE</b>	<b>219 722</b>	<b>212 848</b>
The City is registered for VAT on the payment basis.		
<b>19 HOUSING DEVELOPMENT FUND</b>		
<b>Realised housing proceeds</b>		
Opening balance	397 648	341 894
Income	54 437	106 309
Land sales	2 917	42 864
Repayments long-term debtors	31 342	34 550
Repayments public organisations	3 024	3 027
Service contributions	5 591	5 745
Subsidy refunds	11 563	20 123
Interest	21 761	23 023
Expenditure	(51 055)	(53 726)
Funding capital projects	(22 855)	(28 626)
Funding operating projects	(28 200)	(25 100)
Non-cash transfer to provision for impairment	(15 973)	(19 852)
<b>Closing balance - realised proceeds</b>	<b>406 818</b>	<b>397 648</b>
<b>Unrealised housing proceeds</b>		
Opening balance	133 824	168 957
Loans realised	(22 914)	(22 053)
Long-term housing loans	(21 395)	(20 577)
Long-term loans public organisations	(1 519)	(1 476)
Transfer to provision for impairment - long-term debtors selling schemes	21 510	(12 609)
Transfer to provision for impairment - long-term public organisations	(168)	(471)
<b>Closing balance - unrealised proceeds</b>	<b>132 252</b>	<b>133 824</b>
<b>TOTAL</b>	<b>539 070</b>	<b>531 472</b>
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors loan agreement.		
<b>20 RESERVES</b>		
Capital replacement reserve	1 186 371	1 180 916
Insurance reserve	585 163	658 175
Self-insurance reserve	534 055	612 654
Compensation for occupational injuries and diseases	51 108	45 521
<b>TOTAL</b>	<b>1 771 534</b>	<b>1 839 091</b>
The capital replacement reserve and the self-insurance reserve are fully funded and invested in ringfenced financial instruments.		
<b>21 ACCUMULATED SURPLUS</b>		
Accumulated surplus	<b>14 115 015</b>	<b>12 323 541</b>
Receipts from grant-funded assets acquired to the value of R10,57 billion (2010: R9,85 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.		
<b>22 SERVICE CHARGES</b>		
Sale of electricity	6 815 178	5 665 721
Sale of water	1 649 307	1 483 354
Waste management	651 966	544 284
Wastewater management	903 205	801 003
Other	340 071	241 415
<b>TOTAL</b>	<b>10 359 727</b>	<b>8 735 777</b>

	2011 R'000	2010 R'000
<b>23 RENTAL OF LETTING STOCK AND FACILITIES</b>		
Rental agreements	246 658	276 628
Hire/rentals	37 006	23 298
	<u>283 664</u>	<u>299 926</u>
Income forgone *	(33 348)	(32 903)
<b>TOTAL</b>	<b>250 316</b>	<b>267 023</b>
<b>24 FINANCE INCOME</b>		
Interest receivable - external investments	335 217	351 799
Interest receivable - outstanding debtors	230 391	212 978
	<u>565 608</u>	<u>564 777</u>
Interest transferred to external funds (conditional grants)	(50 404)	(62 622)
<b>Net finance income</b>	515 204	502 155
Gains on foreign exchange transactions	-	4 378
Gains on valuation of investments	6 866	-
<b>TOTAL</b>	<b>522 070</b>	<b>506 533</b>
<b>25 OTHER INCOME</b>		
<b>Exchange transactions</b>	<b>164 909</b>	<b>191 234</b>
Insurance recoveries	1 093	1 009
Bulk infrastructure levies	54 926	77 373
Skills development levy	17 647	18 437
Other income	91 243	94 415
<b>Non-exchange transactions</b>		
City Improvement Districts (CIDs)	81 409	68 709
<b>TOTAL</b>	<b>246 318</b>	<b>259 943</b>
<b>26 PROPERTY RATES</b>		
<b>Actual</b>		
Residential	}	5 277 706
Commercial		
State		
Penalties		86 889
		<u>5 371 874</u>
Income forgone *		(438 118)
<b>TOTAL PROPERTY RATES</b>		<b>4 529 932</b>
<b>Valuations</b>		
Rateable properties	772 100 106	609 172 811
Non-rateable properties	25 648 841	16 509 646
<b>TOTAL PROPERTY VALUATIONS</b>	<b>797 748 947</b>	<b>625 682 457</b>
<b>Valuations as at July</b>		
Residential	549 409 889	448 792 979
Commercial	172 957 965	126 484 355
Agriculture	8 784 443	3 147 331
State	42 907 205	32 762 683
Municipal	23 689 445	14 495 109
<b>TOTAL PROPERTY VALUATIONS</b>	<b>797 748 947</b>	<b>625 682 457</b>

The last general valuation came into effect on 1 July 2010, and is based on market-related values. Supplementary valuations are processed when completed by Valuations Department, annually to take into account changes to individual property values due to alterations and subdivisions. Rates are levied on a daily basis and payable monthly. Interest is raised monthly on accounts in arrear at prime plus 1% per annum.

\*Income forgone can be defined as any income that the City is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**27 GOVERNMENT GRANTS AND SUBSIDIES****Unconditional grants**

Equitable share

**Conditional grants**

Municipal infrastructure grant (MIG)

Provincial health subsidies

Cape Metropolitan Transport Fund (CMTF)

National projects

Provincial projects - other

Other

**TOTAL**

The City does not foresee a significant decrease in the level of grant funding.

**Unconditional grants**

These grants are used to subsidise the provision of basic services to indigent communities.

**Analysis of Government grants and subsidiaries**

Operating

Capital

**Municipal infrastructure grant projects**

Balance unspent at beginning of the year

Regrouping adjustment

Current-year receipts

Adjustments

Conditions met - transferred to revenue

Amounts still to be claimed

**Conditions still to be met - transferred to liabilities - refer note 17**

This grant was used to fund the construction of infrastructural assets for the City. The conditions of the grant have been met. No funds have been withheld.

**Provincial health subsidies**

Balance unspent at beginning of year

Current-year receipts - included in public health vote (See Appendix D)

Conditions met - transferred to revenue

**Conditions still to be met - transferred to liabilities**

The City renders services on behalf of the PGWC and is refunded partially for expenditure incurred. This grant has been used to fund clinic services. The conditions of the grant have been met. There were no delays in payment of the subsidies, nor were any amounts withheld.

**Provincial projects and CMTF**

Balance unspent at beginning of the year

Regrouping adjustment

Current-year receipts

Interest earned

Adjustments

Conditions met - transferred to revenue

Amounts still to be claimed

**Conditions still to be met - transferred to liabilities - refer note 17**

	2011 R'000	2010 R'000
	836 662	610 891
	836 662	610 891
	1 722 189	2 509 167
	249 772	298 553
	129 925	126 907
	32 824	25 718
	705 761	1 490 954
	592 282	546 910
	11 625	20 125
<b>TOTAL</b>	<b>2 558 851</b>	<b>3 120 058</b>
	1 385 536	1 179 201
	1 173 315	1 940 857
	<b>2 558 851</b>	<b>3 120 058</b>
	-	-
	70 407	91 224
	(383 726)	(327 790)
	-	8 420
	249 772	298 553
	-	(70 407)
	<b>(63 547)</b>	-
	-	-
	(129 925)	(126 907)
	129 925	126 907
	-	-
	(246 903)	(249 851)
	1 545	9 492
	(719 762)	(510 714)
	(6 597)	(8 260)
	(18 241)	(57 903)
	625 106	572 628
	(29 954)	(2 295)
	<b>(394 806)</b>	<b>(246 903)</b>



**National Government projects**

	2011 R'000	2010 R'000
Balance unspent at beginning of year	(702 923)	(540 307)
Regrouping adjustment	2 848	16 562
Current-year receipts	(640 032)	(1 675 666)
Interest earned	(37 312)	(42 360)
Adjustments	7 863	22 035
Conditions met - transferred to revenue	705 761	1 490 954
Amounts still to be claimed/(spent)	-	25 859
<b>Conditions still to be met - transferred to liabilities</b> (refer note 17)	<b>(663 795)</b>	<b>(702 923)</b>

These grants received from National Government are for operating and capital expenditure, such as budget reform, restructuring, urban renewal, etc. Excluding the amounts unspent, the conditions of the grants have been met - see Appendix F.

**28 PUBLIC CONTRIBUTIONS**

Public contributions: Consumer connections	40 383	32 395
Other	21 437	52 551
	<b>61 820</b>	<b>84 946</b>

**Public contributions and other third-party funds**

Balance unspent at beginning of the year	(98 614)	(99 663)
Regrouping adjustment	6 390	75
Current-year receipts	(44 529)	(50 934)
Interest earned	(1 372)	(1 838)
Adjustments	(3 509)	(29 396)
Conditions met - transferred to revenue	61 820	84 946
Amounts still to be claimed	(5 770)	(1 804)
<b>Conditions still to be met - transferred to liabilities</b> - refer note 17	<b>(85 584)</b>	<b>(98 614)</b>

The City receives grants from various private vendors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

**29 EMPLOYEE-RELATED COSTS**

Salaries and wages	3 932 202	3 510 920
Social contributions - UIF, pensions and medical aid	1 031 092	881 642
Travel, car, accommodation, subsistence and other allowances	273 051	252 200
Housing benefits and allowances	31 315	43 831
Overtime payments	277 174	260 781
Contribution: Post-retirement and long-service	600 062	669 586
	6 144 896	5 618 960
Expenditure recharged to capital projects	(21 129)	(19 524)
<b>TOTAL</b>	<b>6 123 767</b>	<b>5 599 436</b>

**Remuneration of executives****Analysis of remuneration benefits**

	<b>Total R'000</b>	<b>Annual salary R'000</b>	<b>Performance bonus R'000</b>	<b>Car allowance R'000</b>	<b>Social contribution R'000</b>	<b>Travel and subsistence R'000</b>
<b>2011</b>						
City manager	1 940	1 334	375	-	217	14
Finance	1 550	957	305	117	171	-
Health	1 429	851	282	133	163	-
Integrated human settlement services	1 517	1 051	298	-	168	-
Economic and social development	1 407	930	235	72	155	15
Safety and security	1 313	931	149	95	138	-
Community development	1 563	1 024	305	84	150	-
Corporate services	1 597	1 069	298	60	159	11
Strategy and planning	803	489	298	16	-	-
Transport, roads and stormwater	1 728	1 197	339	-	189	3
Utility services	1 634	1 164	264	47	159	-
Internal audit	1 440	1 086	281	72	1	-
	<b>17 921</b>	<b>12 083</b>	<b>3 429</b>	<b>696</b>	<b>1 670</b>	<b>43</b>

**Analysis of remuneration benefits**

	<b>Total R'000</b>	<b>Annual salary R'000</b>	<b>Performance bonus R'000</b>	<b>Car allowance R'000</b>	<b>Social contribution R'000</b>	<b>Travel and subsistence R'000</b>
<b>2010</b>						
City manager	1 432	1 181	-	51	200	-
Finance	1 162	875	-	117	170	-
Health	1 112	774	44	133	161	-
Integrated human settlement services	1 136	968	-	14	154	-
Service delivery integration	1 287	1 081	-	36	170	-
Economic and social development	1 067	852	-	72	143	-
Safety and security	1 064	802	42	95	125	-
Community development	1 162	940	-	84	138	-
Corporate services	1 134	929	-	60	145	-
Strategy and planning	1 135	1 084	-	49	2	-
Transport, roads and stormwater	943	846	-	-	97	-
Utility services	1 209	1 011	-	48	150	-
Internal audit	1 070	996	-	72	2	-
	<b>14 913</b>	<b>12 339</b>	<b>86</b>	<b>831</b>	<b>1 657</b>	<b>-</b>

	2011	2010
	R'000	R'000
<b>30 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	971	853
Deputy Executive Mayor	766	672
Speaker	766	672
Chief Whip	719	631
Mayoral Committee Members	6 497	6 522
Subcouncil Chairpersons	15 117	14 617
Councillors	54 274	51 899
Councillors' pension contributions	9 511	8 585
<b>TOTAL</b>	<b>88 621</b>	<b>84 451</b>
<b><i>In-kind benefits</i></b>		
The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are employed full-time, and have access to Council's vehicles for official functions.		
Subcouncil chairpersons and full-time councillors are provided with an office and administrative and secretarial support at the cost of Council.		
The Executive Mayor has two full-time bodyguards, and all councillors have access to security in terms of the councillors' security policy.		
Councillors are provided with work stations/ward offices, which are appropriately equipped. Computers are provided to councillors, either in their offices or at their homes.		
<b>31 IMPAIRMENT COSTS</b>		
Allowances for impairment losses	773 893	635 851
Impairment of property, plant and equipment	9 866	52 040
<b>TOTAL</b>	<b>783 759</b>	<b>687 891</b>
<b>32 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment	1 249 295	977 948
Depreciation of investment property	2 598	4 464
Amortisation of intangible assets	10 207	8 937
<b>TOTAL - refer to notes 1, 3, 4, 5 and Appendix B</b>	<b>1 262 100</b>	<b>991 349</b>
<b>33 FINANCE COSTS</b>		
Interest expense	683 588	600 751
Long-term borrowings (amortised cost)	661 870	576 479
Finance leases (amortised cost)	21 718	24 272
Unwinding of discount	33 604	42 513
Amortisation of bond issue expenses	283	226
Loss on foreign-exchange transactions	-	5
<b>TOTAL</b>	<b>717 475</b>	<b>643 495</b>
<b>34 BULK PURCHASES</b>		
Electricity	4 326 842	3 392 122
Water	293 323	244 767
<b>TOTAL</b>	<b>4 620 165</b>	<b>3 636 889</b>
<b>35 GRANTS AND SUBSIDIES PAID</b>		
Community upliftment	9 315	5 882
Destination-marketing organisation, and tourism	-	64 766
Economic promotion and job creation	71 307	259
Educational institutions and health forums	-	1 779
Health and HIV/Aids/TB	1 204	1 553
Programmes, conferences and events	4 909	411
Senior citizens and disabled	456	-
Social arts and culture and other	5 647	6 466
Sporting bodies	544	4 232
Wesgro	-	8 845
<b>TOTAL</b>	<b>93 382</b>	<b>94 193</b>

	2011 R'000	2010 R'000
<b>36 GENERAL EXPENSES</b>		
Chemicals	91 898	84 848
Communication and publication	26 255	30 376
Computer services and software	19 174	30 004
Consultants	141 440	146 373
Electricity – Free basic electricity	70 981	52 740
Fuel	143 758	130 890
Furniture and fittings	15	-
Hire charges	118 739	134 211
Legal fees	35 941	28 424
Levy: Skills development	43 499	37 936
Licences and permits	70 869	63 322
Materials and consumables	279 307	286 488
City improvement districts (CIDs)	78 967	66 648
Minor tools and equipment	50 283	42 118
Pharmaceutical supplies	75 441	57 958
Postage and courier	25 973	26 254
Printing and stationery	56 958	63 133
Rental	62 849	52 158
Inventory: Taken on/scraping	1 243	(806)
Security services	272 550	248 389
Sewerage services - disposals external	35 209	25 344
Telecommunications	114 246	115 772
Training	52 179	58 585
Insurance: Claims	26 611	24 054
Insurance: Underwriting	26 217	22 447
Indigent relief	338 696	321 187
Contributions, transfers and other	515 304	474 171
	<u>2 774 602</u>	<u>2 623 024</u>
Expenditure recharged to capital projects	(3 253)	(2 481)
<b>TOTAL</b>	<b><u>2 771 349</u></b>	<b><u>2 620 543</u></b>
<b>37 CASH GENERATED FROM OPERATIONS</b>		
Surplus for the year	1 731 515	2 140 683
Adjustment for	2 467 772	1 983 409
Depreciation	1 262 100	991 349
Impairment	9 866	52 040
Gain and loss on disposal of property, plant and equipment	(17 051)	(76 044)
Net loss on valuation of derivatives	-	(4 378)
Contribution to provisions	491 448	636 596
Contribution to impairment provision	526 004	246 884
Finance income	(522 070)	(506 533)
	(503 857)	(500 033)
	(18 213)	(6 500)
Finance costs	717 475	643 495
<b>Operating surplus before working capital changes</b>	<b>4 199 287</b>	<b>4 124 092</b>
Decrease in inventories	(38 169)	3 209
Increase in trade receivables	(845 592)	(830 677)
Increase/(decrease) in other receivables	117 413	95 829
Increase/(decrease) in unspent conditional grants and receipts	159 292	158 619
Increase in payables	259 030	227 721
Increase/(decrease) in net VAT	6 874	67 546
<b>Cash generated from operations</b>	<b><u>3 858 135</u></b>	<b><u>3 846 339</u></b>
<b>38 CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the year	3 151 257	4 511 179
Balance at the beginning of the year	4 511 179	2 631 951
<b>Net (decrease)/increase in cash and cash equivalents - refer note 11</b>	<b><u>(1 359 922)</u></b>	<b><u>1 879 228</u></b>

	2011	2010
	R'000	R'000
	-	2 000 000
	(2 700 480)	(3 810 138)
	(1 720 913)	(1 763 419)
	(979 567)	(2 046 719)
	(2 700 480)	(1 810 138)
	476 998	248 387
	<b>(2 223 482)</b>	<b>(1 561 751)</b>

**39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term liabilities raised - refer Appendix A  
 Used to finance property, plant and equipment  
 2009/10 and prior years  
 2010/11  
 Total External Finance Fund (overdrawn)  
 Cash set aside for the repayment of long-term liabilities - refer note 6 and 12  
**Cash overdrawn**

**40 BUDGET INFORMATION****40.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative affect of the abnormal high electricity and solid waste tariff increases on consumer debtors. The decrease in the expected capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources and the fact that a decision was made at final budget stage not to take up any loans during the year.

**40.2 Explanation of variances greater than 5%: approved and final budget amounts****40.2.1 Statement of financial position**

- i) Non-current assets  
The reasons for the variances are mainly due to lower than expected capital expenditure. Detailed explanations for the low capital expenditure will be provided under capital expenditure section.
- ii) Current Assets  
The cash available were much higher than anticipated due to inter alia the under spending of capital
- iii) Non-current Liabilities  
Variance not material
- iv) Current liabilities  
The budgeted payables was lower than the actuals mainly due to payments in advance being higher than anticipated.

**40.2.2 Statement of financial performance**Revenue

- iii) Finance income  
The actual revenue from Interest Earned is the result of improved cash collection and the lower than planned spending resulting in larger than planned cash/investment balances.
- iv) Licences and permits  
Variance largely as a result of higher than expected demand for driver licences, driver learner licences, road worthy certificates and PRDP's.
- vii) Other income  
The variance is a result of lower than anticipated Revenue from Development Levies due to the downturn in the economy and the influence thereof on property development.
- viii) Property rates  
The total rates billing was budgeted according to the valuations in the 2009 General Valuation and taking the valuations proposed by the objectors into account. The higher rates billed are due to the fact that a large number of objections resulted in higher valuations than proposed by the objectors. Income forgone Actual results are less than planned and mainly due to qualifying Agricultural Rebates being less than anticipated.
- xi) Government grants and subsidies  
The variance is a result of under recovery (under spending) on Grant funded Capital and Operational Projects in the City. The under recovery is due to a number of reasons. The reasons for delays are; delays in tender processes, community involvement and participation, contractor performance and slow implementation rate of projects.
- xii) Public contributions  
The variance is a result of lower than planned Public Donations Funded Capital and Operational Projects in the City. The under recovery is mainly due to delays in tender processes, community involvement and participation, contractor performance and slow implementation rate of projects.
- xiii) Gains on disposal of property, plant and equipment  
The revenue from the disposal of PPE was largely influenced by the general economic climate and specifically on the sale of property. The response from the Property Industry was much lower than expected. A large number of properties were identified, approved for disposal and advertised per tender. A number of delays in the processes resulted in transactions not finalised in 2010/11 and the final results will only be reflected in the 2011/12 financial year.

Expenditure

- iii) Impairment costs  
Variance mainly as a result of improved collection ratio's on Rates and Electricity and lower than planned land purchases for housing development.
- iv) Collection costs  
Variance due to lower than estimated tender price for commission payable to third party collection agencies for traffic fine income.
- vii) Finance costs  
Variance mainly due to a provision made for an additional bond to be taken up but not required as a result of the City's sound financial position and the maintenance of the customer debt recovery levels.
- xi) General expenses  
Lower than estimated expenditure against projects mainly as a result of delays in the implementation of various grant funding projects.

**40.2.3 Cash flow statement**

- i) Net cash from operating activities  
Mainly due to the government grants recognised being lower than expected due to the lower than expected capital expenditure.
- ii) Net cash from investing activities  
Mainly due to the lower than expected due to the lower than expected capital expenditure
- iii) Net cash from financing activities  
Variance not material

**40.2.4 Capital expenditure**

- ii) Budget and Treasury Office  
Corporate contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled as well as small amounts of savings being realised.
- iv) Planning and Development  
Disputed the last remaining works; late award of tender as well as rain delays during June; late change in the scope of the work programme activities resulted in extended project timeframes; contractor experienced financial difficulties resulting in the contract being cancelled and savings realised.
- v) Health  
Late arrival of donor funding as well as receiving more in the current year than was anticipated; community interference regarding the appointment of the CLO, plans not approved by building control despite them being submitted well in advance and the slow rate of progress on site by the contractor; Eskom could not complete the installation at the facility because of a dispute with the City of Cape Town over the guarantee sum therefore the contractor was unable to complete the electrical work; savings realised.
- vi) Community and Social Services  
Late arrival of donor funding; savings realised; late appointment of consultants; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; delay in contractor appointment and inclement weather; delays in obtaining wayleaves; tender not awarded due to insufficient info and motivation and resolved that the matter be referred back; Heritage Western Cape required a conservation plan to be submitted to them prior to any works or alterations can take place; delay in obtaining a surety from the contractor and land issues.
- vii) Public Safety  
Contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; savings realised; safety issues with respect to the structural steel framework of the building; quality of workmanship; re-negotiations required in order to finalise changes to the scope of work; Outcome of tender appeal was only communicated to the department on 28 June 2011.
- viii) Sport and Recreation  
Late arrival of donor funding ; contractors performing slower than anticipated; some projects started late due to capacity issues and a contingent liability was created for the Cape Town Stadium for claims that the City is currently defending.
- ix) Environmental Protection  
Nature of the terrain; inclement weather; structural cracks were not anticipated; public objection which needed to be resolved before building plan approval could be obtained and savings realised.
- x) Road Transport  
Late arrival of donor funding; departmental capacity constraints; tender appeals; underperformance of contractors and consultants; delays due to planning / EIA processes and savings realised.



- xi) Housing  
Project opposed by surrounding communities resulting in lengthy facilitation process; contractor stopped from working on site by community; delays in obtaining EIA, township, general plan and engineering design approvals. Land acquisition: offers to purchase declined by land owners or unrealistic prices offered; savings realised and contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled.
- xii) Waste Management  
Tender appeals; wayleave approvals; contractor, vendor underperformance and supply constraints; long lead times; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; tender prices being lower than anticipated and savings realised.
- xiii) Water  
Tender appeals; delay in Electricity supply by Eskom; EIA process delays; inclement weather; wayleave approvals; contractor, vendor underperformance and supply constraints; community interference; long lead times; unexpected delays due to failed pressure tests; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; tender prices being lower than anticipated and savings realised.
- xiv) Electricity  
Savings realised; contractor, vendor underperformance and supply constraints; long lead time; suppliers could not deliver by financial year end; problems encountered on site after commencement of work; defects found on equipment mechanisms delivered has resulted in the project being delayed and tender process delays.
- xv) Other (Tourism)  
Tender has been cancelled. Two tenders were received and one was disqualified. The other tender was rendered "Non Responsive" after the price was greater than the budget provision. The potential supplier was not prepared to negotiate the price with the City. Cancellation report to be submitted to Supply Chain Management for approval. Tender to be re-advertised in 2011/12 financial year. Savings realised.

2011	2010
R'000	R'000

**41 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES**

**41.1 Irregular expenditure**

Opening balance	7 247	238
Irregular expenditure – supply chain regulation	254 521	7 247
Approved by Council	-	(238)
<b>Closing balance</b>	<b>261 768</b>	<b>7 247</b>

**41.2 Fruitless and wasteful expenditure**

Opening balance	431	948
Fruitless expenditure current year	-	168
Approved by Council	-	(685)
<b>Closing balance</b>	<b>431</b>	<b>431</b>

Incident	Disciplinary steps/criminal proceedings	2011	2010
Time theft	Referred to SCOPA for further investigation	263	263
Grants & subsidies (non-compliance MOA)	Referred to SCOPA for further investigation	140	140
FIFA World Cup costs	Referred to SCOPA for further investigation	28	28
<b>Closing balance – Fruitless and wasteful expenditure</b>		<b>431</b>	<b>431</b>

	2011	2010
	R'000	R'000
Non-revenue water:		
Bulk	25 380	70 263
Reticulation (normal distribution)	481 164	423 598
Electricity losses	689 266	485 553
<b>Total</b>	<b>1 195 810</b>	<b>979 414</b>

### 41.3 Material losses

Non-revenue water: Bulk  
Reticulation (normal distribution)

Electricity losses

#### Total

#### Non-revenue water

In the current year the water losses were bulk water 2,6% (2010: 8,0%) and reticulation losses 19,6% (2010: 18,6%). The percentage unaccounted for water between the treatment plant and points of connection from the bulk system or reservoirs to the Reticulation distribution system is known to be predominantly due to metering inefficiencies which is an apparent loss. A major reduction has been made since the previous financial year by addressing metering inconsistencies.

For technical losses due to bursts and leaks in reticulation mains, the best that can be done is to reduce the loss by 1,5% through sustained funding to prevent bursts. This is critical in the sense that technical losses are real losses (water going into the ground) whereas apparent losses are more about accountability but the water is put to use somehow.

#### Electricity losses

In the current year, the energy losses were 8,9% (2010: 7,7%). Losses are split into technical and non-technical. Technical is as a result of the very nature of electricity and the way it is conducted via lines, status/condition and age of the network, weather conditions, and load on the system. Non-technical losses are as a result of theft or vandalism. Some benchmarking indicates that an acceptable percentage is between 10% and 15%.

## 42 ADDITIONAL DISCLOSURES

### 42.1 SUPPLY CHAIN MANAGEMENT REGULATIONS

#### 42.1.1 Deviations

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from supply chain management policy needs to be approved/condoned by the City Manager, and noted by Council. The expenses incurred, as listed below, have been approved/condoned by the City Manager and noted by Council.

#### Incident

Appointment of consultants	41 068	105 566
Information technology upgrade	7 402	104 294
Upgrading of electricity services	3 344	5 938
Extension of contracts	518 289	19 969
Upgrading of road infrastructure	32 402	66 535
Supply and delivery of plant and equipment	59 430	339 294
Others	155 078	258 658
Deviations less than R200 000	290 999	267 525
<b>Total amount condoned by Council</b>	<b>1 108 012</b>	<b>1 167 779</b>

## 42.1.2 Bids awarded

## To family of employees in service of the State

Name of company	Position held in State	Name	Value: 01/07/2010-30/06/2011 R'000
ADAMS Communications	Member	A Adams	258
ITHEMBA Drawings	Member	WR Adams	152
MAKE Way Construction	Member	FSF Arendse	75
ZETTA Trading	Member	J Baloyi	8
WOMEN On Board	Member	F Booysen	1 231
GREYSTONE Trading 389	Member	J Cedras	1 293
ROSTON Trading	Member	GR Charles	31
FAS Maintenance Services	Member	F Daries	57
KEMANZI	Director	HR du Toit	38 866
MARNIBO Gen. Supplies and Services	Member	RS Francis	9
ELECTRICAL Refrig. Aircon. Serv. Eng.	Member	VT Goniwe	453
MAXIPREST Tyres	Director	K Goto	150
IKAPA Lodumo Landscapers	Member	DM Hartogh	13
FORECOURT Equipment and Services	Member	EC Hector	4
COASTAL Supplies Cape	Member	M Hintenaus	4
NAZSHA Building Contractors	Member	S Hoosain	727
ADRI Cor General Maint. and Repair	Member	C Hoppie	29
MICROSEP (Pty) Ltd	Director	G Ide	106
INYAMEKO Trading 1267	Member	C Isaacs	42
RICARDO January Trading	Member	RW January	27
The Horticultural Team	Member	S Jonker	34
EMPTIES Galore	Member	G Khan	149
Take Note Trading 744	Member	R Kloppers	3
KONING Contracting	Member	JM Koning	48
IMVUSA Trading 2303	Member	PV Mack	15
SHAYNA'S General Traders	Member	S Manuel	7
LILITHA Cleaning Services	Member	MC Maputsi	1 530
RS Components Ltd	Director	I Mason	12
NCEDULUNTU Dev. Programme	Member	VN Merile	691
P and D Blinds	Member	PP Michaels	15
DESIGNTEC Printing	Member	SR Mshweshwe	43
IBUHLE Construction	Member	PN Ndondo	6
AUTO Cooling Solutions	Member	E Pienaar	2
ABJ Hardware and Gen. Eng. Supplies	Member	E Platen	6
NCC Environmental Services (Pty)	Director	LK Rhoda	7 068
The Trim Doctor	Member	MN Sammy	64
PORLIN Services	Member	AM Singama	17
SISA Electrical	Member	S Sipiyo	382
LAVENDER Moon Trading 192	Member	NC Sonyabashe	139
SHINE The Way 1282	Member	DM Swanson	108
CONGRA Trading	Member	CP Swartz	66
UMNGA Landscape and Irrigation	Member	NM Trom	5
Lady Eve Construction	Member	ES Valentine	33
J C Active Electrical	Member	J van der Vendt	307
CASTLEHILL Trading 362	Member	E Vermeulen	73
FAYDIES Catering	Member	A Votersen	1 351
ABB South Africa (Pty) Ltd	Director	PG Wanland	76 692
INYAMEKO Trading 1555	Member	AR Williams	122
			<b>132 523</b>

## To relatives of persons in service of the State

Name of Company	Position held in State	Name	Value: 01/07/2010- 30/06/2011 R'000
A Davids construction	SCM: Assistant Buyer	R Davids	250
LA Welding	SCM: Assistant Buyer	M Thorpe	366
Sup Auto	SCM: Assistant Buyer	J du Toit	222
			<b>838</b>

## 42.2 MUNICIPAL FINANCE MANAGEMENT ACT

## 42.2.1 Section 124

## Disclosures concerning councillors, directors and officials

	Total R	Outstanding <90 days R	Outstanding >90 days R
<b>As at 30 June 2011</b>			
FL Abrahams	9 841	700	9 141
FC Christians	6 526	580	5 946
A Gabuza	7 239	811	6 428
T Gqada	20 612	-	20 612
EN Hinana	15 357	11 239	4 118
CW Ipser	10 749	6 502	4 247
VR Isaacs	43 678	17 226	26 452
LV James	17 807	1 495	16 312
LD Jordaan	5 721	-	5 721
L Maci	1 859	95	1 764
CJ Mack	11 021	8 438	2 583
JJ Maxheke	14 880	944	13 936
HK Morkel – Carthen investment (Pty) Ltd	47 040	-	47 040
AX Ndongeni	65 300	2 018	63 282
N Ndzulwana	4 020	333	3 687
NC Nyakatya	1 614	975	639
T Sakathi	1 964	782	1 182
M Weavers	4 379	1 102	3 277
GL Zondani	2 808	2 335	473
<b>Total</b>	<b>292 415</b>	<b>55 575</b>	<b>236 840</b>

All Councillors have made arrangements to pay off their arrears.

**As at 30 June 2010** no councillors had arrear accounts outstanding for more than 90 days.

## 42.2.2 Section 125

## Other compulsory disclosures

	SALGA contributions R'000	Audit fees R'000	PAYE UIF R'000	Pension and medical aid R'000
<b>As at 30 June 2011</b>				
Opening balance	-	1 296	53 222	122 658
Subscriptions/fees	13 862	18 491	757 366	1 623 657
Amount paid - current year	-	(18 010)	(696 947)	(1 481 883)
Amount paid - previous years	(6 692)	(1 296)	(53 222)	(122 658)
<b>Balance unpaid (included in payables)</b>	<b>7 170</b>	<b>481</b>	<b>60 419</b>	<b>141 774</b>
<b>As at 30 June 2010</b>				
Opening balance	-	80	44 181	105 349
Subscriptions/fees	-	16 880	656 191	1 404 527
Amount paid - current year	-	(15 584)	(602 969)	(1 281 869)
Amount paid - previous years	-	(80)	(44 181)	(105 349)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>1 296</b>	<b>53 222</b>	<b>122 658</b>

2011	2010
R'000	R'000

**43 COMMITMENTS****43.1 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure  
Approved and contracted for:

Infrastructure	480 101	873 264
Community	141 212	19 673
Heritage	-	4 585
Other	277 215	766 025
<b>TOTAL</b>	<b>898 528</b>	<b>1 663 547</b>

This expenditure will be financed from:

External loans	250 878	401 957
Capital Replacement Reserve	28 269	25 854
Government grants	612 494	1 228 569
Other sources	6 887	7 167
<b>TOTAL</b>	<b>898 528</b>	<b>1 663 547</b>

**43.2 OPERATING LEASE COMMITMENTS****The City as lessee**

Future minimum lease payments under non-cancellable operating leases

**Buildings**

Payable within one year	44 559	48 077
Payable within two to five years	11 861	49 763
	<b>56 420</b>	<b>97 840</b>

**Vehicles and other equipment**

Payable within one year	116	13 423
Payable within two to five years	254	605
Payable after five years	69	132
	<b>439</b>	<b>14 160</b>

<b>56 859</b>	<b>112 000</b>
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Minimum lease payments recognised as an expense during the period amount to R62,63 million (2010: R61,13 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

The City has minimal current lease arrangements for photocopy and fax machines over a period of one year, without being subject to escalation. In terms of a recent Council policy decision, such leased equipment shall be purchased on termination of the relevant contract. In keeping with this policy, it has been decided to terminate lease agreements in respect of older equipment, where the initial period has expired, and the lease is continuing on a month-to-month basis.

**The City as lessor**

Future minimum lease payments under non-cancellable operating leases

**Buildings**

Receivable within one year	21 389	25 838
Receivable within two to five years	74 117	77 869
Receivable after five years	381 869	399 506
	<b>477 375</b>	<b>503 213</b>

<b>477 375</b>	<b>503 213</b>
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The City lets properties under operating leases. Property rental income earned during the year was R25,84 million (2010: R23,97 million). The properties are maintained by the tenants, at their cost. No investment properties have been disposed of since the Statement of Financial Performance date.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a increase in current-year income of R2,92 million.

**44 FINANCIAL RISK MANAGEMENT**

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the City's operations. This note presents information about the City's exposure to each of the above risks, policies and processes for measuring and managing risk, and the City's management of capital. Further quantitative disclosures are included throughout these financial statements.

Council has established a Risk Management Committee, which is responsible for developing and monitoring the City's risk management policies. A member of the committee, representing the Audit Committee reports quarterly to the Audit Committee. The Risk Management Committee's policies are established to identify and analyse the risks faced by the City, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the City's activities.

The accounting policy for financial instruments was applied to the following Statement of Financial Position items:

	Assets at fair value R'000	Amortised cost R'000	Cost R'000	Total carrying amount R'000	Fair value R'000
<b>Financial assets</b>					
<b>2011</b>					
Investments	2 096 302	161 771	38 768	2 296 841	2 318 089
Long-term receivables	-	134 719	-	134 719	-
Trade receivables	-	3 709 111	-	3 709 111	-
Other receivables	-	193 788	-	193 788	-
Cash and cash equivalents	1 541 736	1 609 521	-	3 151 257	3 001 967
	<b>3 638 038</b>	<b>5 808 910</b>	<b>38 768</b>	<b>9 485 716</b>	<b>5 320 056</b>
<b>2010</b>					
Investments	4 076	291 277	38 768	334 121	367 012
Long-term receivables	-	136 538	-	136 538	-
Trade receivables	-	3 361 410	-	3 361 410	-
Other receivables	-	321 101	-	321 101	-
Cash and cash equivalents	1 518 466	2 992 713	-	4 511 179	4 511 241
	<b>1 522 542</b>	<b>7 103 039</b>	<b>38 768</b>	<b>8 664 349</b>	<b>4 878 253</b>

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
<b>Financial liabilities</b>			
<b>2011</b>			
Long-term borrowings	5 649 189	5 649 189	6 241 866
Payables	3 321 917	3 321 917	3 321 917
	<b>8 971 106</b>	<b>8 971 106</b>	<b>9 563 783</b>
<b>2010</b>			
Long-term borrowings	5 902 516	5 902 516	5 930 721
Payables	3 062 887	3 062 887	3 062 887
	<b>8 965 403</b>	<b>8 965 403</b>	<b>8 993 608</b>



**44.1 Fair values**

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy as required by IFRS7. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and the levels have been defined as follows:

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
<b>2011</b>				
Investments	-	2 096 302	-	2 096 302
Cash and cash equivalents	-	1 541 736	-	1 541 736
	-	<b>3 638 038</b>	-	<b>3 638 038</b>
<b>2010</b>				
Investments	-	4 076	-	4 076
Cash and cash equivalents	-	1 518 466	-	1 518 466
	-	<b>1 522 542</b>	-	<b>1 522 542</b>

**Fair values**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

**Investment at fair value**

The fair values of some investments are estimated based on quoted market prices of those or similar investments.

**44.2 Credit risk**

Credit risk is the risk of financial loss to the City if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the City's investments, loans, trade receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was:

	2011 R'000	2010 R'000
Investments – refer note 6	2 258 073	295 353
Loans receivable – refer note 7	134 719	136 538
Receivables and other receivables – refer note 9 and 10	3 902 899	3 682 511
Cash and cash equivalents – refer note 11	3 151 257	4 511 179
<b>Total</b>	<b>9 446 948</b>	<b>8 625 581</b>

**Investments**

The City limits its exposure to credit risk by investing only with reputable financial institutions that have a sound credit rating, and within specific guidelines set out in accordance with Council's approved investment policy. Consequently, the City does not consider there to be any significant exposure to credit risk.

**Loans receivable**

Loans are granted and managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined, and, where appropriate, the City obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

**Trade and other receivable**

Trade and other receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The City's strategy on managing its risk includes encouraging residents to install water management devices that control water flow to households, and prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Performance. The City has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables. The outstanding amounts of the ten largest debtors represent 1,2% of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after due date. The City has provided fully for all receivables outstanding over 365 days. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of trade and other receivables is given in note 9 and 10.

Payment of accounts of consumer debtors who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer.

**Cash and cash equivalents**

The City limits its exposure to credit risk by investing only with reputable financial institutions that have a sound credit rating, and within specific guidelines set out in accordance with Council's approved investment policy. Consequently, the City does not consider there to be any significant exposure to credit risk.

**4.4.3 Liquidity risk**

Liquidity risk is the risk that the City will not be able to meet its obligations as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation.

The City ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

On average, 93,88% of trade and other receivables (own billed) income are realised within 30 days after due date, and trade payables are settled within 30 days of invoice. National and Provincial Grant funding is received in terms of the Division of Revenue Act (DORA).

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
<b>2011</b>				
<b>Liabilities</b>				
Borrowings	930 418	3 011 930	8 875 588	12 817 936
Capital repayments	305 353	627 901	4 715 935	5 649 189
Interest	625 065	2 384 029	4 159 653	7 168 747
Trade and other payables	2 536 071	-	-	2 536 071
Trade payables	2 152 151	-	-	2 152 151
Sundry creditors	383 920	-	-	383 920
	<b>3 466 489</b>	<b>3 011 930</b>	<b>8 875 588</b>	<b>15 354 007</b>

**44.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the City's income, or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

**Currency risk**

The City is exposed to foreign currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The City manages any material direct exposure to foreign currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the rand value of the contracted goods on services. The City was not a direct party to any outstanding forward exchange contracts at the reporting date.

The movement in the currency was not material to the City's procurement, and, consequently is not elaborated on any further.

The effective rates on financial instruments at 30 June 2011 are:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			Total R'000
		1 years or less R'000	1-5 years R'000	>5 years R'000	
<b>Financial assets</b>					
Investments	6,484	2 146 596	47 822	63 655	2 258 073
Cash and cash equivalents	5,821	3 151 257	-	-	3 151 257
<b>Total financial assets</b>		<b>5 297 853</b>	<b>47 822</b>	<b>63 655</b>	<b>5 409 330</b>
<b>Financial liabilities</b>					
Loans	11,350	243 586	627 901	4 715 935	5 587 422
Finance leases	14,530	61 767	-	-	61 767
<b>Total financial liabilities</b>		<b>305 353</b>	<b>627 901</b>	<b>4 715 935</b>	<b>5 649 189</b>

**Interest rate sensitivity analysis****Financial Assets**

At 30 June 2011, if the weighted interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R51,4 million with the opposite effect if the interest rate had been 100 basis points lower.

**Financial Liabilities**

At 30 June 2011, if the interest rate at the date had been 100 basis points higher, with all the other variables held constant, the fair value liability would have no significant impact (R27 655) with the opposite effect if the interest rate had been 100 basis points lower.

**44.5 Capital management**

The primary objective of managing the City's capital is to ensure that there is sufficient cash available to support the funding requirement of the City, including capital expenditure, to and ensure that the City remains financially in a sound position.

The City monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. In a capital-intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included within net debt is interest-bearing loans and borrowings, trade and other payables, less investments.

**45 PRIOR-YEAR ADJUSTMENTS****45.1 Changes in accounting policy**

In the anticipation of the implementation of GRAP 104, the City amended its accounting policies to bring them in line with the accounting standards which had not yet become effective. This resulted in the restatement of the concessionary loan amounts. The previous binding IFRS 7 accounting standard had not addressed the treatment of concessionary loans.

**45.2 Reclassification**

The City reclassified the disclosure of its financial instruments in accordance with the principals of the anticipated implementation of GRAP 104 between cost, amortised cost and fair value.

In addition, the unwinding of any rehabilitation discounts has been reclassified as interest cost, fuel levy previously disclosed as grants received has now been reclassified for separate disclosure and the basis for the disclosure of expenditure on repair and maintenance and grants has changed.

**45.3 Correction of errors**

A road constructed by a private developer and contributed to the City in terms of a covering proclamation had previously been omitted from the City's records and now accounted for.

Bulk water purchases in the previous financial year have been corrected as a result of a refund of amount overpaid.

The smoothing of lease payments over the duration of the leases for disclosure has been refined due to further estimates and assumptions.

Investment property disposed of and derecognised.

Accrual of contractual obligation regarding the payment of bonuses to employees remuneration at total cost of employment.

Presented below are only those items contained in the Statement of Financial Performance and Position that have been effected by the prior-year adjustments.

		As previously reported	Changes in accounting policy	Reclassification	Correction of errors	Restated
	Note	R'000	R'000	R'000	R'000	R'000
<b>2009</b>						
<b>Statement of Financial Position</b>						
Investments	6	236 143	-	46 843	-	282 986
Other receivables	10	443 946	-	(47 418)	-	396 528
Cash and cash equivalents	11	2 631 951	-	575	-	2 632 526
Long-term borrowings	12	3 811 963	(7 988)	22 463	-	3 826 438
Payables	16	2 835 166	-	(22 463)	-	2 812 703
Accumulated surplus	21	10 258 033	7 988	-	-	10 266 021
<b>2010</b>						
<b>Statement of Financial Performance</b>						
<b>Exchange revenue</b>						
Rental of letting stock and facilities	23	243 468	-	-	23 555	267 023
Other income	25	259 919	-	-	24	259 943
Gains on disposal of property, plant and equipment	-	79 142	-	-	(22)	79 120
<b>Non-exchange revenue</b>						
Fuel levy	-	-	-	1 371 610	-	1 371 610
Government grants and subsidies	27	4 491 668	-	(1 371 610)	-	3 120 058
Public contribution	28	83 949	-	-	997	84 946
Total revenue		18 540 505	-	-	24 554	18 565 059
Employee-related costs	29	5 586 988	-	-	12 448	5 599 436
Finance cost	33	599 801	1 181	-	42 513	643 495
Bulk purchases	34	3 667 765	-	-	(30 876)	3 636 889
Repairs and maintenance	-	832 374	-	(832 374)	-	-
Contracted services	-	1 062 857	-	832 374	-	1 895 231
General expenses	36	2 656 364	-	-	(35 821)	2 620 543
Total expenditure		16 434 931	1 181	-	(11 736)	16 424 376
Surplus for the year		2 105 574	(1 181)	-	36 290	2 140 683
<b>Statement of Financial Position</b>						
Property, plant and equipment	1	19 947 252	-	-	997	19 948 249
Investment property	3	87 082	-	-	( 22)	87 060
Other receivables	10	294 717	-	(29 629)	56 013	321 101
Investments	6	55 800	-	4 076	-	59 876
Cash and cash equivalents	11	4 486 176	-	25 003	-	4 511 179
Long-term borrowings	12	5 547 626	-	(6 585)	-	5 541 041
Payables	16	3 141 453	-	(91 907)	13 341	3 062 887
Current portion of long-term borrowing	12	262 983	-	98 492	-	361 475
Accumulated surplus	21	12 280 444	-	(550)	43 647	12 323 541

**46 RETIREMENT BENEFIT INFORMATION**

The City makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act No. 24 of 1956), and include both defined benefit (DB) and defined contribution (DC) schemes. Contributions of R594,15 million (2010: R508,77 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation, as set out below.

**46.1 DEFINED BENEFIT SCHEMES****Cape Joint Pension Fund (multi-employer fund)**

The DB section is a multi-employer plan, and the contribution rate payable is 27%, 9% by the members, and 18% by their councils. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2010. The valuation indicates a break even actuarial result, and is 100% funded at the financial year end. The City is currently engaged in a dispute with the fund due to a perceived shortfall of R96,0 million.

**SALA Pension Fund (multi-employer fund)**

The fund is a DB plan and financially sound. The fund was 96% funded as at 1 July 2010 and remained stable since the previous valuation date.

**46.2 DEFINED CONTRIBUTION SCHEMES****Cape Joint Pension Fund (multi-employer fund)**

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The actuary report certified that the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed bonus philosophy, and given normal circumstances. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2010. The valuation disclosed funding of 102%.

**Cape Retirement Fund for Local Authorities (multi-employer fund)**

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2010.

**Municipal Councillors' Pension Fund (multi-employer fund)**

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is sufficient to fund the benefits accruing from the fund in the future.

The last actuarial valuation of the fund was undertaken at 30 June 2009.

**National Fund for Municipal Workers (multi-employer fund)**

The retirement and pension funds are both DC schemes. The last voluntary actuarial valuation of the fund was performed on 30 June 2008. As at 30 June 2008, the valuation disclosed funding of 100%.

**South African Municipal Workers Union (SAMWU) National Provident Fund (multi-employer fund)**

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2005, and the fund was certified as being in a financially sound position. A statutory valuation will be performed as at 30 June 2008 once the 30 June 2008 audited financial statements have been finalised.

**46.3 DEFINED BENEFIT AND DEFINED CONTRIBUTION SCHEME****Cape Municipal Pension Fund**

The Cape Municipal Pension Fund operates both as a DB and DC scheme. The actuarial valuation of the fund was performed at 30 June 2010, which certified as being in a financially sound position. The next statutory valuation is due by 30 June 2012.

	Total	DB section	DC section
In-service members	8 425	348	8 077
Pensioners	5 336	4 217	1 119
Membership at 30 June 2010	13 761	4 565	9 196

	2011	2010
	R'million	R'million
Past-service position - DB section	3 420	3 269
Past-service position - DC section	5 001	4 349
Total liabilities	8 421	7 618
Assets valued at market value	8 550	7 721

	2011	2010
	%	%
<b>Key financial assumptions</b>		
Actual employer contribution - DB section	20,25	20,25
Actual employer contribution - DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	1,00
Post-retirement	2,50	2,50
Normal retirement age	60 years	60 years

**46.4 POST-EMPLOYMENT DEFINED BENEFITS**

For past service of in-service and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy at 30 June 2011, were 10 884 (2010: 11 486) in-service members and 6 469 (2010: 6 511) pensioners.

**46.4.1 Health-care arrangement assumptions**

It was assumed that the employer's health-care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with exception for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue until the last survivor's death for eligible members and their spouses, and to age 21, if earlier, for dependent children.

**Continuation of membership**

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's health care arrangements.

**Family profile**

Family profile was based on actual data, and therefore no assumptions had to be made.

**Plan assets**

There are currently no long-term assets set aside off-balance-sheet in respect of the employer's post-employment health-care liability.

**Discount rate**

The fund benefit liability to the City as at 30 June 2011 has been discounted at a rate determined on the basis of the yield of 8,69% per annum on Government bonds.

## Notes to the financial statements for the year ended 30 June 2011

**46.4.2 Retirement pension benefits**

For past service of employees and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension at 30 June 2011 was 44 (2010: 45) in-service employees and 135 (2010: 140) pensioners.

**Plan assets**

There are currently no long-term assets set aside off-balance-sheet in respect of the employer's post-employment retirement pension liability.

**Discount rate**

The fund benefit liability to the City as at 30 June 2011 has been discounted at a 8,36% per annum rate determined on the basis of the market yields on Government bonds.

**Post-retirement scheme defined-benefit obligations**

	2011			2010		
	Health care benefits	Retirement pension benefits	Total	Health care benefits	Retirement pension benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Present value of unfunded liability	2 905 696	14 921	2 920 617	2 725 739	15 676	2 741 415
Unrecognised actuarial gains/(losses)	77 197	2 876	80 073	(225 585)	(461)	(226 046)
Net liability in balance sheet	<u>2 982 893</u>	<u>17 797</u>	<u>3 000 690</u>	<u>2 500 154</u>	<u>15 215</u>	<u>2 515 369</u>

**Amounts included in the Statement of Financial Performance**

Service costs	50 846	1 401	52 247	51 429	391	51 820
Interest costs	243 681	428	244 109	222 090	1 463	223 553
Actuarial losses recognised	302 782	3 338	306 120	237 458	25	237 483
Total included in profit and loss	<u>597 309</u>	<u>5 167</u>	<u>602 476</u>	<u>510 977</u>	<u>1 879</u>	<u>512 856</u>

**Movement in the liability recognised in the Statement of Financial Position**

Balance at beginning of the year	2 500 154	15 215	2 515 369	2 090 227	14 703	2 104 930
Net expense recognised in Statement of financial performance	597 309	5 167	602 476	510 977	1 879	512 856
Contributions paid	(114 570)	(2 585)	(117 155)	(101 050)	(1 367)	(102 417)
Net liability in balance sheet	<u>2 982 893</u>	<u>17 797</u>	<u>3 000 690</u>	<u>2 500 154</u>	<u>15 215</u>	<u>2 515 369</u>

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the City of Cape Town.

**Sensitivity analysis**

	Change in assumption	Liability R'000	Percentage change %	Service cost R'000	Percentage change %
<b>Post-retirement medical aid</b>					
Assumptions used	-	<b>2 982 893</b>		<b>50 486</b>	
Health-care inflation	+1% increase	3 468 639	16	62 879	25
	-1% decrease	2 588 479	(13)	41 448	(18)
Post-retirement mortality	-1 year reduction	3 091 752	4	-	-
Average retirement age	-1% decrease	3 091 392	4	-	-
Withdrawal rate	(50%)	3 098 426	4	-	-

	2011		2010	
	Health-care benefits %	Retirement pension benefits %	Health-care benefits %	Retirement pension benefits %
<b>Key financial assumptions</b>				
Discount rate		8,7	8,4	8,9
General inflation rate (CPI)		5,7	5,6	5,3
General salary inflation rate		-	6,6	-
Health-care cost inflation rate		7,4	-	7,3
Net effective discount rate		1,2	-	1,5
Pension increase rate - pensioners		-	-	-
Net effective discount rate - pensioners		-	-	6,1



**47 GUARANTEES AND CONTINGENT LIABILITY****47.1 Guarantees**

The City issued the following guarantees:

- A bank guarantee of R823 446 as security for the lease of property.

**47.2 Other contingent liabilities****Contractual disputes**

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The maximum potential liability is estimated at R401,34 million (2010: R218,29 million). Included in the total estimate of R414,24 million is a disputed amount of R250,78 million of which R210,78 million is in respect of professional fees on the construction of the Cape Town Stadium and the balance of R40 million for litigation costs. The City had provided R270 million in its 2010/11 budget to cover these costs. The City and its lawyers are of the opinion that the litigation is likely to be in the City's favour. The timing of the legal proceedings regulating the above is however, uncertain.

**Outstanding insurance claims**

The estimated liability for insurance claims amounts to R86,37 million (2010: R68,95 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser amount or more.

**Loan agreements**

The rates of interest payable on certain structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the allowability of deductions for income tax purposes in connection with the loans. In the event of changes to the Income Tax Act or any other relevant legislation that impact on the loan structure costs, the lenders are required to increase or decrease the future rates of interest payable on the loans or their remaining lives, in order to absorb the increase or decrease in costs.

**48 RELATED PARTY DISCLOSURES**

During the year, in the ordinary course of business, transactions between the City and the under-mentioned entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

**Cape Town International Convention Centre (Pty) Ltd**

The Convention Centre was established for Cape Town to become host to international conferences, with the objectives of promoting Cape Town as a tourism city. At year-end, the amount owing by Conenco to the City amounted to R2,77 million (2010: R0,45 million).

Percentage owned

50,18%

50,18%

Arm's length transactions for the year:

Receivables

2 766

448

Service charges

15 801

11 795

**Khayelitsha Community Trust**

The trust was established to promote economic activities for the upliftment of the local community. At year-end, the amount owing by the trust to the City amounted to R1,29 million (2009: R1,18 million).

Percentage owned

Trust

Arm's length transactions for the year:

Receivables

1 294

1 183

Grants

5 401

6 866

**City Improvement Districts (CIDs)**

These entities were established to enable projects at the initiative of local communities, to provide services over and above the services provided by the City. At year-end, there were no balances due by the CID's to the City.

Percentage owned

Special rating area's

Arm's length transactions for the year:

Receivables

-

-

Levies

78 967

66 648

2011	2010
R'000	R'000

**Cape Metropolitan Transport Fund (administrator of the fund)**

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year-end, the amount owing by the City to Cape Metropolitan Transport Fund amounted to R76,49 million (2010: R90,91 million).

Percentage owned

Funds held on behalf of Inter administrator fund

Grants and transfers received

Interest paid

Revenue collected

Administrator	
76 488	90 907
32 824	90 138
5 055	10 082
4 080	5 205

**Councillors**

A number of councillors of the City hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. Accordingly, the following are considered to be such entities:

Councillor	Position held in entity	Entity	Nature
Neilson, I	Alternate Director	SA Cities Network	Knowledge and resource centre

**Executive Management Team**

No business transactions took place between the City of Cape Town and key management personnel (City Manager and Executive Directors) and their close family members during the year under review. Details relating to remuneration are disclosed in note 30.

## Appendix A: Schedule of External Loans as at 30 June 2011

	Effective interest rate (nacs) %	Loan number	Redeemable date	Balance as at 30 June 2010 R'000	Net interest accrual during the year R'000	Transfers during the year R'000	Redeemed/ Written off during year R'000	Balance as at 30 June 2011 R'000
<b>LOCAL REGISTERED STOCK</b>								
ABSA Nominess	14,650	<b>830011508</b>	2014	7 047	-	-	-	7 047
Municipal Bond CCT01	12,570	<b>830014004</b>	2023	1 002 748	-	-	-	1 002 748
Municipal Bond CCT02	11,615	<b>830016003</b>	2024	1 207 236	-	-	-	1 207 236
Municipal Bond CCT03	11,160	<b>830017007</b>	2025	2 065 862	(357)	-	-	2 065 505
Municipal Bond Transaction costs	-	-	-	(3 916)	-	-	283	(3 633)
<b>Total local registered stock</b>				<b>4 278 977</b>	<b>(357)</b>	<b>-</b>	<b>283</b>	<b>4 278 903</b>
<b>CONCESSIONARY LOANS</b>								
Nedcor Bank	1,000	<b>830000920</b>	2019	12	-	2	-	14
DBSA	5,000	<b>830012028</b>	2020	33 231	-	1 112	4 000	30 343
<b>Total concessionary loans</b>				<b>33 243</b>	<b>-</b>	<b>1 114</b>	<b>4 000</b>	<b>30 357</b>
<b>OTHER LOANS</b>								
FirstRand Bank	12,616	<b>830001710</b>	2011	19 931	-	-	19 931	-
FirstRand Bank	12,920	<b>830000880</b>	2013	59 336	-	-	17 693	41 643
DBSA	12,250	<b>83001051</b>	2015	129 888	-	-	25 978	103 910
FirstRand Bank	12,631	<b>830003504</b>	2017	189 299	-	-	6 031	183 268
ABSA Bank	10,900	<b>830007011</b>	2018	160 000	-	-	20 000	140 000
DBSA	10,590	<b>83001050</b>	2018	271 329	-	-	33 916	237 413
FirstRand Bank	12,046	<b>830009531</b>	2018	187 827	8 919	-	20 000	176 746
DBSA	9,420	<b>830012035</b>	2020	93 333	-	-	9 333	84 000
DBSA	9,639	<b>830013000</b>	2022	166 667	-	-	13 333	153 334
DBSA	10,565	<b>830013507</b>	2022	166 667	-	-	13 333	153 334
<b>Total other loans</b>				<b>1 444 277</b>	<b>8 919</b>	<b>-</b>	<b>179 548</b>	<b>1 273 648</b>
<b>FINANCE LEASES</b>								
Investec	14,343	<b>830000870</b>	2011	12 014	-	-	7 730	4 284
SCMB	15,209	<b>830000890</b>	2011	69 898	(177)	-	69 721	-
Nedbank	14,540	<b>830000860</b>	2012	64 107	(103)	-	2 007	61 997
<b>Total finance leases</b>				<b>146 019</b>	<b>(280)</b>	<b>-</b>	<b>79 458</b>	<b>66 281</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>5 902 516</b>	<b>8 282</b>	<b>1 114</b>	<b>262 723</b>	<b>5 649 189</b>

Appendix B: Analysis of Property, Plant and Equipment as at 30 June 2011

	COST					ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Impairments	Additions	Disposals	Closing balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>LAND AND BUILDINGS</b>												
Land	619 681	1 862	36 766	(241)	658 068	(224 088)	(1)	(9 866)	-	-	(233 955)	424 113
Buildings and land	2 438 454	76 692	73 620	-	2 588 766	(1 158 396)	122 524	-	(78 201)	-	(1 114 073)	1 474 693
	<b>3 058 135</b>	<b>78 554</b>	<b>110 386</b>	<b>(241)</b>	<b>3 246 834</b>	<b>(1 382 484)</b>	<b>122 523</b>	<b>(9 866)</b>	<b>(78 201)</b>	<b>-</b>	<b>(1 348 028)</b>	<b>1 898 806</b>
<b>INFRASTRUCTURE</b>												
Assets under construction	3 029 840	(1 874 849)	904 803	-	2 059 794	-	-	-	-	-	-	2 059 794
Drains	491 151	65 350	11 115	-	567 616	(203 004)	-	-	(16 293)	-	(219 297)	348 319
Roads	3 908 336	887 463	280 333	-	5 076 132	(1 569 813)	-	-	(112 849)	-	(1 682 662)	3 393 470
Beach improvements	27 405	8 686	171	-	36 262	(18 248)	-	-	(431)	-	(18 679)	17 583
Sewerage mains and purification	1 362 264	666 441	104 521	-	2 133 226	(446 280)	(110 315)	-	(91 514)	-	(648 109)	1 485 117
Electricity peak load equipment and mains	3 949 158	156 626	521 355	(17 361)	4 609 778	(1 439 717)	(14 768)	-	(166 953)	17 360	(1 604 078)	3 005 700
Water mains and purification	1 982 594	130 942	9 473	-	2 123 009	(949 989)	(83)	-	(71 462)	-	(1 021 534)	1 101 475
Reservoirs - water	397 186	46 587	1 110	-	444 883	(261 566)	-	-	(16 367)	-	(277 933)	166 950
	<b>15 147 934</b>	<b>87 246</b>	<b>1 832 881</b>	<b>(17 361)</b>	<b>17 050 700</b>	<b>(4 888 617)</b>	<b>(125 166)</b>	<b>-</b>	<b>(475 869)</b>	<b>17 360</b>	<b>(5 472 292)</b>	<b>11 578 408</b>
<b>COMMUNITY ASSETS</b>												
Assets under construction	258 122	(184 142)	74 943	-	148 923	-	-	-	-	-	-	148 923
Parks and gardens	31 670	15 905	955	-	48 530	(4 383)	-	-	(1 272)	-	(5 655)	42 875
Libraries	175 785	9 348	11 876	-	197 009	(51 288)	-	-	(3 162)	-	(54 450)	142 559
Recreation facilities	4 343 963	7 528	62 706	-	4 414 197	(137 435)	-	-	(201 912)	-	(339 347)	4 074 850
Civic buildings	661 736	322 066	65 534	-	1 049 336	(235 300)	(124 888)	-	(25 985)	-	(386 173)	663 163
	<b>5 471 276</b>	<b>170 705</b>	<b>216 014</b>	<b>-</b>	<b>5 857 995</b>	<b>(428 406)</b>	<b>(124 888)</b>	<b>-</b>	<b>(232 331)</b>	<b>-</b>	<b>(785 625)</b>	<b>5 072 370</b>
<b>LEASED ASSETS</b>												
Infrastructure and other	398 121	(163 413)	-	(338)	234 370	(284 386)	128 458	-	(13 188)	338	(168 778)	65 592
	<b>398 121</b>	<b>(163 413)</b>	<b>-</b>	<b>(338)</b>	<b>234 370</b>	<b>(284 386)</b>	<b>128 458</b>	<b>-</b>	<b>(13 188)</b>	<b>338</b>	<b>(168 778)</b>	<b>65 592</b>
<b>OTHER ASSETS</b>												
Assets under construction	506 957	(336 633)	347 211	-	517 535	-	-	-	-	-	-	517 535
Landfill sites	514 044	45 516	31 970	(31 745)	559 785	(196 655)	-	-	(52 061)	(7 439)	(256 155)	303 630
Furniture, fittings and equipment	386 949	37 036	54 111	(18 179)	459 917	(207 969)	(38)	-	(47 795)	10 489	(245 313)	214 604
Bins and containers	34 793	978	16 243	(784)	51 230	(29 186)	(2)	-	(4 416)	673	(32 931)	18 299
Emergency equipment	33 716	540	1 323	(678)	34 901	(20 977)	6	-	(4 471)	648	(24 794)	10 107
Motor vehicles and watercraft	1 046 987	42 283	86 535	(27 585)	1 148 220	(515 849)	1 495	-	(144 820)	17 398	(641 776)	506 444
Specialised vehicles	657 427	3 703	40 422	(10 599)	690 953	(288 575)	(1 602)	-	(50 224)	10 089	(330 312)	360 641
Computer equipment	877 202	24 820	98 692	(21 684)	979 030	(563 840)	(162)	-	(119 220)	20 815	(662 407)	316 623
Animals	214	-	28	-	242	(19)	-	-	(37)	-	(56)	186
	<b>4 058 289</b>	<b>(181 757)</b>	<b>676 535</b>	<b>(111 254)</b>	<b>4 441 813</b>	<b>(1 823 070)</b>	<b>(303)</b>	<b>-</b>	<b>(423 044)</b>	<b>52 673</b>	<b>(2 193 744)</b>	<b>2 248 069</b>
<b>HOUSING RENTAL STOCK</b>												
	1 152 883	7 731	11 621	(6 361)	1 165 874	(531 426)	1	-	(26 662)	3 759	(554 328)	611 546
<b>TOTAL</b>	<b>29 286 638</b>	<b>( 934)</b>	<b>2 847 437</b>	<b>(135 555)</b>	<b>31 997 586</b>	<b>(9 338 389)</b>	<b>625</b>	<b>(9 866)</b>	<b>(1 249 295)</b>	<b>74 130</b>	<b>(10 522 795)</b>	<b>21 474 791</b>
<b>HERITAGE ASSETS</b>												
Assets under construction	1 660	-	1 901	-	3 561	-	-	-	-	-	-	3 561
Painting and art galleries	8 342	(9)	30	(10)	8 353	-	-	-	-	-	-	8 353
	<b>10 002</b>	<b>(9)</b>	<b>1 931</b>	<b>(10)</b>	<b>11 914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 914</b>
<b>INVESTMENT PROPERTIES</b>												
	129 593	1 019	-	-	130 612	(42 533)	(482)	-	(2 598)	-	(45 613)	84 999
<b>INTANGIBLE ASSETS</b>												
	303 709	14 875	8 393	-	326 977	(272 000)	114	-	(10 207)	-	(282 093)	44 884
<b>ASSETS HELD-FOR-SALE</b>												
	89	315	-	(1)	403	(23)	(254)	-	-	-	(277)	126
<b>TOTAL</b>	<b>29 730 031</b>	<b>15 266</b>	<b>2 857 761</b>	<b>(135 566)</b>	<b>32 467 492</b>	<b>(9 652 945)</b>	<b>3</b>	<b>(9 866)</b>	<b>(1 262 100)</b>	<b>74 130</b>	<b>(10 850 778)</b>	<b>21 616 714</b>

## Appendix C: Segmental Statement of Financial Performance for the year ended 30 June 2011

2010			Business Unit	2011		
Actual income	Actual expenditure	Surplus/(Deficit)		Actual income	Actual expenditure	Surplus/(Deficit)
R'000	R'000	R'000		R'000	R'000	R'000
			<b>Rates and General</b>			
2 774	11 914	(9 140)	Executive and Council	5 283	34 752	(29 469)
7 711 404	2 121 163	5 590 241	Budget and Treasury Office	8 817 012	2 367 400	6 449 612
334 445	711 460	(377 015)	Corporate Services	228 387	784 401	(556 014)
138 568	494 155	(355 587)	Planning and Development	154 306	529 788	(375 482)
265 626	640 685	(375 059)	Health	320 160	725 869	(405 709)
76 064	522 921	(446 857)	Community and Social Services	78 926	574 382	(495 456)
237 768	1 614 519	(1 376 751)	Public Safety	253 718	1 671 642	(1 417 924)
621 928	1 395 393	(773 465)	Sport and Recreation	200 057	1 453 551	(1 253 494)
17 953	155 805	(137 852)	Environmental Protection	24 040	184 906	(160 866)
1 100 193	1 210 899	(110 706)	Road Transport	771 696	1 428 163	(656 467)
			<b>Housing</b>			
670 171	855 743	(185 572)	Housing	701 646	773 800	(72 154)
			<b>Utility Services</b>			
1 496 152	1 395 809	100 343	Waste Management	1 814 046	1 703 605	110 441
1 482 127	1 394 275	87 852	Wastewater Management	1 513 986	1 553 237	(39 251)
2 442 462	2 467 518	(25 056)	Water	2 856 865	2 988 855	(131 990)
6 326 431	5 735 870	590 561	Electricity	7 527 519	6 703 459	824 060
			<b>Other</b>			
3 557	58 811	(55 254)	Tourism	2 141	60 463	(58 322)
<b>22 927 623</b>	<b>20 786 940</b>	<b>2 140 683</b>	Sub-total	<b>25 269 788</b>	<b>23 538 273</b>	<b>1 731 515</b>
4 362 564	4 362 564	-	Less: Inter-departmental charges	4 889 102	4 889 102	-
<b>18 565 059</b>	<b>16 424 376</b>	<b>2 140 683</b>	<b>Total</b>	<b>20 380 686</b>	<b>18 649 171</b>	<b>1 731 515</b>

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the MFMA

National and Provincial grant funds 2010/2011										
Description	Source	Balance unspent at beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue R'000	Trf ex Operating Expenditure R'000	Trf from Capital grant R'000	Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met - transferred to liabilities R'000
<b>Operating transfers and grants</b>										
<b>National Government</b>										
BUDGET REFORM FUNDS	National Treasury	-	-	-	832	-	(832)	-	-	-
RESTRUCTURING GRANT- SEED FUNDING	National Treasury	-	-	-	1 911	-	(1 911)	-	-	-
KHAYELITSHA URBAN RENEWAL	National Treasury	-	-	-	7 349	-	(7 349)	-	-	-
MITCHELL'S PLAIN URBAN RENEWAL	National Treasury	-	-	-	179	-	(179)	-	-	-
MUNICIPAL INFRASTRUCTURE GRANTS	National Treasury	-	-	-	2 479	-	(2 479)	-	-	-
DEAT - DANIDA	National Treasury	(11 661)	(5 986)	4 786	9 800	-	-	(475)	-	(3 536)
DWAF: DEMAND MANAGEMENT	State - DWAF <sup>1</sup>	(1 377)	-	-	393	-	-	-	-	(984)
ACCREDITATION : DEVELOPMENT SUPPORT	State Housing	-	-	-	227	-	(227)	-	-	-
DWAF: IMPLEMENTATION WATER DEMAND	State - DWAF	-	-	-	2 522	-	(2 522)	-	-	-
HEALTH & HYGIENE EDUCATION: INFORMAL SETTLEMENT	State - DWAF	(370)	-	-	312	-	-	-	-	(58)
DEP. ENVIRONMENTAL AFFAIRS & TOURISM	National Treasury	-	-	-	144	-	(144)	-	-	-
PUBLIC TRANSPORT INFRASTRUCTURE	National Treasury Transport	-	-	-	31 885	-	(31 885)	-	-	-
2010 FIFA WORLD CUP: GREEN POINT (OPERATING)	State: Dept. Sport and Recreation	(30 044)	-	-	27 780	-	-	(373)	-	(2 637)
DEAT - CARBON OFFSET PROGRA DANIDA	State: Dept. Deat	(3 370)	(3 377)	3 077	3 482	-	-	(109)	-	(297)
LGSETA: ENVIRONMENTAL INTERNSHIP PROGRAMME	State: Dept. Deat	-	(504)	-	250	-	-	-	-	(254)
		<b>(46 822)</b>	<b>(9 867)</b>	<b>7 863</b>	<b>89 545</b>	<b>-</b>	<b>(47 528)</b>	<b>(957)</b>	<b>-</b>	<b>(7 766)</b>
<b>Provincial Government</b>										
BONTEHEUWEL MULTI PURPOSE CENTRE PAWC	Private Sector	(1 268)	-	547	-	-	-	(45)	-	(766)
LIBRARY SERVICE BOOK FUND	PGWC Other	(570)	-	-	569	-	-	-	-	(1)
PHILLIPI EAST MARKET	PGWC ISLP	(737)	-	-	149	-	-	(40)	-	(628)
HELICOPTER STANDBY	PGWC Other	(96)	(335)	-	434	-	-	(6)	-	(3)
TABLE MOUNTAIN BIOSPHERE - PAWC	PGWC Other	(204)	-	-	68	-	-	-	-	(136)
INFORMAL SETTLEMENTS - PAWC	PGWC Housing	(397)	(864)	-	676	-	-	-	-	(585)
KHAYELITSHA SITE C SUBSIDIES	PGWC Housing	(21 900)	-	-	3 831	-	-	(1 300)	-	(19 369)
BROWN'S FARM PHASE 5	PGWC ISLP	(4 943)	-	-	1	-	-	-	-	(4 942)
MFULENI EXT 4 HOUSING	Prov. House Dev. Board	(130)	(241)	-	29	-	-	-	-	(342)
MFULENI FLOOD RELIEF PROJECT	Prov. House Dev. Board	(3 212)	-	-	145	-	-	-	-	(3 067)
WALLACEDENE HOUSING PROJECT	Prov. House Dev. Board	-	-	-	2	-	(2)	-	-	-
NYANGA UPGRADING PROJECT	Prov. House Dev. Board	-	-	-	139	-	(139)	-	-	-
SITE C SURVEY & SUBDIVISION	Prov. House Dev. Board	-	-	-	752	-	(752)	-	-	-
MFULENI EXT 3	Prov. House Dev. Board	(162)	-	-	5	-	-	-	-	(157)
PHP FACILITATION GRANTS	PGWC Housing	(28)	(30)	-	1	-	-	(2)	-	(59)
MTAB PROJECTS - PAWC	PGWC MTAB	-	-	(2 513)	2 513	-	-	-	-	-
WALLACEDENE PHASE 3 HOUSING PROJECT	PGWC Housing	(5 199)	-	60	273	-	-	-	-	(4 866)
SILVERTOWN KHAYELITSHA 2000 STRUCTURES	Prov. House Dev. Board	(5 721)	-	-	546	-	-	-	-	(5 175)

1. DWAF: Department of Water Affairs and Forestry

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the MFMA

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue	Trf ex Operating Expenditure	Trf from Capital grant	Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
WALLACEDENE PHASE 5 HOUSING PROJECT	PGWC Housing	-	(23)	(57)	120	-	-	-	(40)	-
WALLACEDENE PHASE 6 HOUSING PROJECT	PGWC Housing	(5 727)	-	309	569	-	-	-	-	(4 849)
BROWN'S FARM PHASE 6	PGWC ISLP	(5 131)	-	-	1	-	-	-	-	(5 130)
WALLACEDENE PHASE 8 HOUSING PROJECT	PGWC Housing	-	-	-	360	-	(360)	-	-	-
WALLACEDENE PHASE 9 HOUSING PROJECT	PGWC Housing	-	-	(39)	39	-	-	-	-	-
MITCHELL'S PLAIN INFILL PHASE 1	PGWC Housing	-	-	-	811	-	(811)	-	-	-
MFULENI MLS TOPSTRUCTURES	Prov. House Dev. Board	(231)	-	-	16	-	-	-	-	(215)
DISASTER FUND -FIRE/FLOOD KITS	PGWC Housing	-	(5 440)	4 061	6 719	-	-	-	(5 340)	-
PHILLIPI EAST PHASE 5	PGWC Housing	(148)	-	-	118	-	-	-	-	(30)
KEWTOWN INFILL DEVELOPMENT	PGWC Housing	-	-	-	5	-	(5)	-	-	-
BROWNS FARM PHASE 3	PGWC Housing	(16)	-	-	1	-	-	-	-	(15)
BROWNS FARM PHASE 4	PGWC Housing	(1 544)	-	-	1	-	-	-	-	(1 543)
WITSAND HOUSING PROJECT PHASE 2	Prov. House Dev. Board	-	-	-	780	-	(780)	-	-	-
SANRAL EMERGENCY PROJECT 1600 UNITS	PGWC Housing	-	-	-	156	-	(156)	-	-	-
WALLACEDENE PHASE 6 (UISP)	PGWC Housing	(4 099)	-	-	1 350	-	-	-	-	(2 749)
HIV/AIDS COMMUNITY BASED RESPONSE PROJECTS	PGWC Health	-	(53 084)	7 318	52 362	-	-	-	(6 596)	-
VACCINES	PGWC Health	-	(49 891)	3 642	56 974	-	-	-	(10 726)	(11)
MANDELA PARK SPORTS FIELD: TENNIS FACILITIES	PGWC Sport & Recreation	(42)	-	-	-	-	-	-	-	(42)
URBAN RENEWAL: IMPROVEMENT SIN NODES	PGWC Other	(26)	-	-	-	-	-	-	-	(26)
2010 FIFA WORLD CUP: GREEN POINT	PGWC Transport & Public Works	-	(2 000)	-	2 000	-	-	-	-	-
HOSTELS PHASE 6A (JOE SLOVO FIRE)	Prov. House Dev. Board	-	-	-	-	-	-	-	-	-
PHP NTLANGANISO	Prov. House Dev. Board	(217)	-	-	-	-	-	(13)	-	(230)
PHP LAVENDER HILL EAST	Prov. House Dev. Board	(3 187)	-	-	14	-	-	(190)	-	(3 363)
PHP MASIPHUMELELE	Prov. House Dev. Board	(2)	-	2	-	-	-	-	-	-
PHP MAKUKANYE	Prov. House Dev. Board	(1 596)	-	-	42	-	-	(93)	-	(1 647)
PHP WALLACEDENE PHASE 2	Prov. House Dev. Board	(772)	-	-	-	-	-	(46)	-	(818)
PHP MASIZAKHELE	Prov. House Dev. Board	(345)	-	-	-	-	-	(21)	-	(366)
PHP KUYASA PHASE 2	Prov. House Dev. Board	(9 724)	-	-	1 609	-	-	(525)	-	(8 640)
PHP MASIZIZAMELE PHILIPPI	Prov. House Dev. Board	(371)	-	-	-	-	-	(22)	-	(393)
PHP WALLACEDENE PHASE 2	Prov. House Dev. Board	(2 691)	-	-	-	-	-	(161)	-	(2 852)
PHP WITSAND PHASE 1 : 400	Prov. House Dev. Board	(641)	-	-	232	-	-	(27)	-	(436)
PHP NOMZABALAZO PHASE 2	Prov. House Dev. Board	(180)	-	-	-	-	-	(11)	-	(191)
PHP ILINGE LABAHLALI	Prov. House Dev. Board	(264)	-	-	88	-	-	(15)	-	(191)
PHP NOMZABOLAZO PROJECT 2: PHASE 1	Prov. House Dev. Board	(178)	-	-	-	-	-	(11)	-	(189)



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PHP ILINGE LABAHLALI PHASE 2	Prov. House Dev. Board	(142)	-	-	66	-	-	(8)	-	(84)
PHP CHRIS HANI	Prov. House Dev. Board	(179)	-	-	-	-	-	(11)	-	(190)
PHP KALKFONTEIN PHASE 3	Prov. House Dev. Board	(181)	-	-	-	-	-	(11)	-	(192)
PHP NOMZABALAZO PROJECT 2: PHASE 2	Prov. House Dev. Board	(96)	-	-	-	-	-	(6)	-	(102)
PHP IGUGLETHU PH1 (WALLACEDENE)	Prov. House Dev. Board	(27)	-	-	-	-	-	(2)	-	(29)
PHP MASIPHATHISANE PH 1 (WALLACEDENE)	Prov. House Dev. Board	(53)	-	-	36	-	-	(1)	-	(18)
PHP ILINGE LABAHLALI PHASE 3	Prov. House Dev. Board	(236)	-	-	110	-	-	(14)	-	(140)
PHP MASIPHATHISANE PH2 (WALLACEDENE)	Prov. House Dev. Board	(185)	-	-	1	-	-	(11)	-	(195)
PHP NOMZABALAZO PROJECT 3: PHASE 1	Prov. House Dev. Board	(159)	-	53	11	-	-	(8)	-	(103)
PHP IGUGLETHU PH2 (WALLACEDENE)	Prov. House Dev. Board	(454)	(578)	-	923	-	-	(16)	-	(125)
PHP WALLACEDENE PROJECT 3 PHASE 1	Prov. House Dev. Board	(111)	-	-	36	-	-	(6)	-	(81)
PHP ILINGE LABAHLALI PHASE 4	Prov. House Dev. Board	(242)	-	-	110	-	-	(15)	-	(147)
PHP WALLACEDENE PROJECT 3 PHASE 2	Prov. House Dev. Board	(1 638)	-	-	501	-	-	(79)	-	(1 216)
PHP NOMZABALAZO PROJECT 3: PHASE 2	Prov. House Dev. Board	(664)	-	173	81	-	-	(32)	-	(442)
PHP MASAKHANE BANTU	Prov. House Dev. Board	(5 080)	-	-	1 554	-	-	(247)	-	(3 773)
PHP ILINGE LABAHLALI PHASE 5	Prov. House Dev. Board	(185)	-	-	118	-	-	(11)	-	(78)
PHP MASIPHUMELELE (NOORDHOEK)	Prov. House Dev. Board	(212)	-	-	63	-	-	(9)	-	(158)
PHP ILINGE LABAHLALI PHASE 6	Prov. House Dev. Board	(124)	-	-	36	-	-	(7)	-	(95)
PHP MASIPHATHISANE PH 3 (WALLACEDENE)	Prov. House Dev. Board	(131)	-	-	74	-	-	(7)	-	(64)
PHP NOMZABALAZO PROJECT 3: PHASE 3	Prov. House Dev. Board	(790)	-	75	441	-	-	(29)	-	(303)
PHP SISONKE	Prov. House Dev. Board	(873)	(1 100)	-	756	-	-	(50)	-	(1 267)
PHP MASIZIZAMELE PHASE 2	Prov. House Dev. Board	(1 320)	-	-	1 207	-	-	(45)	-	(158)
PHP ISIQALO	Prov. House Dev. Board	(1 134)	(2 773)	-	3 544	-	-	(46)	-	(409)
PHP MASIPHUMELELE (WITSAND)	Prov. House Dev. Board	-	(14 586)	-	14 089	-	-	(157)	-	(654)
PHP SITE C IMBOKOTHO EMNYAMA	Prov. House Dev. Board	-	(3 769)	74	3 617	-	-	(29)	-	(107)
PHP ILLINGE LABAHLALI 324 UNITS	Prov. House Dev. Board	-	(7 707)	-	6 065	-	-	(80)	-	(1 722)
PHP MASIPHATHISANE PH4	Prov. House Dev. Board	-	(4 794)	-	3 814	-	-	(59)	-	(1 039)
EST. GRANT NTLANGANISO	Prov. House Dev. Board	(7)	-	-	-	-	-	-	-	(7)
EST. GRANT- WITSAND "EECO"	Prov. House Dev. Board	(73)	-	-	20	-	-	(3)	-	(56)
EST. GRANT WALLACEDENE	Prov. House Dev. Board	(31)	-	-	-	-	-	(2)	-	(33)
EST. GRANT GREEN POINT PHASE 2	Prov. House Dev. Board	(30)	-	31	-	-	-	(1)	-	-
EST. GRANT MASIZAKHELE	Prov. House Dev. Board	(12)	-	-	-	-	-	(1)	-	(13)
EST. GRANT MASIZIZAMELE PHILIPPI	Prov. House Dev. Board	(16)	-	-	-	-	-	(1)	-	(17)
EST. GRANT WALLACEDENE PHASE 2	Prov. House Dev. Board	(170)	-	-	-	-	-	(10)	-	(180)

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EST. GRANT NOMZABALAZO PHASE 2	Prov. House Dev. Board	(12)	-	-	-	-	-	(1)	-	(13)
EST. GRANT KUYASA PHASE 2	Prov. House Dev. Board	(63)	(166)	-	131	-	-	(5)	-	(103)
EST. GRANT NOMZABOLAZO PROJECT 2: PHASE 1	Prov. House Dev. Board	(16)	-	-	-	-	-	(1)	-	(17)
EST. GRANT KALKFONTEIN PHASE 3	Prov. House Dev. Board	(6)	-	-	-	-	-	-	-	(6)
EST. GRANT NOMZABALAZO PROJ 2: PH 2	Prov. House Dev. Board	(49)	-	-	26	-	-	(2)	-	(25)
EST. GRANT MASI PHATISANE PH 1	Prov. House Dev. Board	(13)	-	-	-	-	-	(1)	-	(14)
EST. GRANT IGUGULETHU PH 1+C417	Prov. House Dev. Board	(13)	-	-	-	-	-	(1)	-	(14)
EST. GRANT CHRIS HANI PARK	Prov. House Dev. Board	(5)	-	-	-	-	-	-	-	(5)
EST. GRANT MASI PHATISANE PH2	Prov. House Dev. Board	(47)	-	-	-	-	-	(3)	-	(50)
EST. GRANT WALLACEDENE PROJ 3 PH1	Prov. House Dev. Board	(50)	-	-	14	-	-	(3)	-	(39)
EST. GRANT-NOMZABALAZO PROJECT 3 PHASE 1	Prov. House Dev. Board	(52)	-	1	31	-	-	(2)	-	(22)
EST. GRANT-NOMZABALAZO PROJECT 3 PHASE 2	Prov. House Dev. Board	(115)	-	2	22	-	-	(6)	-	(97)
EST. GRANT MASAKHANE BANTU PHASE 1	Prov. House Dev. Board	(29)	-	-	-	-	-	(2)	-	(31)
EST. GRANT WALLACEDENE PROJ 3 PH2	Prov. House Dev. Board	(256)	-	-	48	-	-	(14)	-	(222)
EST. GRANT IGUGULETHU PH 2	Prov. House Dev. Board	(15)	-	-	4	-	-	(1)	-	(12)
EST. GRANT MASI PHU MELELE (NOORDHOEK)	Prov. House Dev. Board	(76)	-	-	11	-	-	(4)	-	(69)
EST. GRANT-NOMZABALAZO PROJECT 3 PHASE 3	Prov. House Dev. Board	(82)	-	1	-	-	-	(5)	-	(86)
EST. GRANT SISONKE	Prov. House Dev. Board	(15)	(11)	-	10	-	-	(1)	-	(17)
EST. GRANT MASI ZAMELE PHASE 2	Prov. House Dev. Board	(26)	-	-	-	-	-	(2)	-	(28)
EST. GRANT ISIQALO	Prov. House Dev. Board	-	(30)	-	-	-	-	(1)	-	(31)
EST. GRANT MASI PHU MELELE (WITSAND)	Prov. House Dev. Board	-	(160)	-	50	-	-	(4)	-	(114)
EST. GRANT SITE C IMBOKOTHO EMNYAMA	Prov. House Dev. Board	-	(41)	1	27	-	-	(1)	-	(14)
EST. GRANT ILINGE LABAHLALI 324 UNITS	Prov. House Dev. Board	-	(85)	-	85	-	-	-	-	-
EST. GRANT MASI PHATISANE PH4	Prov. House Dev. Board	-	(80)	-	-	-	-	(1)	-	(81)
ATLANTIS - WESFLEUR EXT 13	PGWC Housing	(332)	-	-	10	-	-	-	-	(322)
PUBLIC LIBRARY FUND	PGWC Cultural Affair	-	-	-	14 194	-	(14 194)	-	-	-
MITCHELL'S PLEIN TA2	Prov. House Dev. Board	(1 563)	(2 361)	-	3 555	-	-	-	-	(369)
NUTRITION SUPPLEMENT PROGRAM	PGWC Health	(701)	(2 633)	-	3 454	-	-	-	(120)	-
PHOENIX TOP STRUCTURE	PGWC Housing	-	-	37	4	-	-	-	(41)	-
SPATIAL PLANNING DISTRICT PLANS	PGWC Env. Aff.	(2)	-	-	-	-	-	-	-	(2)
MARCONI BEAM	PGWC Housing	(65)	-	-	9	-	-	-	-	(56)
NONQUBELA PH2/MAKHAZA	Prov. House Dev. Board	(1 309)	-	-	745	49	-	-	-	(515)
TB CRISIS PLAN	PGWC Health	(1 803)	(11 837)	-	12 431	-	-	-	-	(1 209)
HCE MANUALS (HOUSING CONSUMER EDUCATION)	PGWC Housing	(330)	-	-	14	-	-	(19)	-	(335)

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VRYGROND	PGWC Housing	(32)	(19)	-	19	-	-	-	-	(32)
CLINICS: HIV/AIDS & TB PROGRAMME	PGWC Health	(13)	-	-	-	-	-	-	-	(13)
FAC GRANT NOMZABALAZO PROJECT 3 PH 1	PGWC Housing	(3)	-	-	-	-	-	-	-	(3)
FAC GRANT NOMZABALAZO PROJECT 3 PH 2	PGWC Housing	(9)	-	-	-	-	-	(1)	-	(10)
FAC. GRANT MASAKHANE BANTU PHASE 1	PGWC Housing	(4)	-	-	-	-	-	-	-	(4)
FAC. GRANT MASAKHANE BANTU PHASE 2	PGWC Housing	(7)	-	-	-	-	-	-	-	(7)
FAC. GRANT WALLACEDENE PROJ3 PH1	PGWC Housing	(3)	-	-	-	-	-	-	-	(3)
FAC. GRANT WALLACEDENE PROJ3 PH2	PGWC Housing	(18)	-	-	-	-	-	(1)	-	(19)
CBO FREEDOM PARK	PGWC Housing	(78)	-	-	7	-	-	-	-	(71)
HAPPY VALLEY - BLACKHEATH	PGWC Housing	-	-	-	110	-	(110)	-	-	-
VRYGROND (EPH)	PGWC Housing	(273)	-	-	37	-	-	(15)	-	(251)
PHUMLANI TRANSFERS	PGWC Housing	(24)	(8)	-	8	-	-	-	-	(24)
CBH WALLACEDENE PH1	PGWC Housing	(317)	-	-	13	-	-	(18)	-	(322)
MASPPHUMELELE AMAKHAYA NGOKU	PGWC Housing	(5 578)	(5 067)	-	8 970	-	-	(182)	-	(1 857)
DELFT SYMPHONY WAY TRA	PGWC Housing	(5 457)	-	-	155	-	-	-	-	(5 302)
MORGAN VIII3/WESTERN CAPE (IPH) (CTCHC)	Prov. House Dev. Board	(888)	-	-	-	-	-	(53)	-	(941)
UPGRADE HEINZ PARK HALL	PGWC ISLP	(124)	-	-	-	-	-	-	-	(124)
MELKBOSCH VILLAGE	PGWC Housing	(835)	-	-	745	-	-	-	-	(90)
FAC GRANT NOMZABALAZO PROJECT2 PHASE2	PGWC Housing	(2)	-	-	-	-	-	-	-	(2)
MASIPHUMELELE TRA	PGWC Housing	(760)	-	-	-	-	-	(45)	-	(805)
EHP REPAIR & RECONSTRUCT 8 HOUSES	PGWC Housing	(71)	-	-	27	-	-	-	-	(44)
CBH WALLACEDENE PH3	PGWC Housing	(1 867)	(674)	-	757	-	-	(107)	-	(1 891)
CBH WALLACEDENE PH4	PGWC Housing	(1 379)	(1 084)	75	1 047	-	-	(108)	-	(1 449)
CBH WALLACEDENE PH5	PGWC Housing	(2 519)	(13 194)	-	15 404	-	-	(225)	-	(534)
CBH WALLACEDENE PH6	PGWC Housing	-	(29 113)	3 892	20 013	-	-	(308)	-	(5 516)
ABET ADULT EDUCATION	PGWC Education	(4)	(4)	-	-	-	-	-	-	(8)
PHILIPPI EAST TOP STRUCTURES	Prov. House Dev. Board	(1 945)	(18 618)	-	16 913	-	-	-	-	(3 650)
CRU: HOSTELS - LANGA	PGWC Housing	(2 611)	-	-	810	-	-	-	-	(1 801)
CRU: HOSTELS - GUGULETHU	PGWC Housing	(1 645)	-	-	53	-	-	-	-	(1 592)
CRU: HOSTELS - NYANGA	PGWC Housing	(3 060)	-	-	295	-	-	-	-	(2 765)
EDWARD ROAD ENERGY EFFICIENT PROJECT	PGWC Housing	(2 500)	-	-	94	-	-	(33)	-	(2 439)
FAC GRANT NOMZABALAZO PROJECT 3 PH 3	PGWC Housing	(15)	-	-	12	-	-	(1)	-	(4)
BOKMAKIERIE / HAZENDAL INFILL	PGWC Housing	-	-	-	48	-	(48)	-	-	-
MANENBERG INFILL/ THE DOWNS	PGWC Housing	(2)	-	-	-	-	-	-	-	(2)

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GLOBAL FUND: CBR	PGWC Health	-	(2 818)	-	4 029	-	-	-	(1 211)	-
GLOBAL FUND: ARV	PGWC Health	-	(12 518)	-	15 002	-	-	-	(2 484)	-
MFULENI EPH TRA	PGWC Housing	-	(14 592)	-	12 813	-	-	-	-	(1 779)
ACCREDITATION ASSISTANCE	PGWC Housing	-	(5 000)	(5 000)	251	-	-	(336)	-	(10 085)
FAC GRANT MASIPHUMELELE (WITSAND)	PGWC Housing	-	(29)	-	23	-	-	-	-	(6)
FAC GRANT SITE C IMBOKOTHO EMNYAMA	PGWC Housing	-	(7)	-	5	-	-	-	-	(2)
SERCOR PARK	PGWC Housing	-	(10 743)	44	8 065	1 930	-	-	-	(704)
DIAL-A-RIDE	PGWC Dot	-	(12 633)	-	4 182	-	-	(247)	-	(8 698)
FAC GRANT SISONKE	PGWC Housing	-	(7)	-	-	-	-	-	-	(7)
OCEAN VIEW INFILL	PGWC Housing	-	(309)	299	-	-	-	-	-	(10)
DELFT: THE HAGUE	PGWC Housing	-	(4)	-	-	-	-	-	-	(4)
VEHICLE IMPOUND FACILITY MAITLAND	PGWC Dot	-	(2 900)	-	-	-	-	(59)	-	(2 959)
FAC. GRANT ILINGE LABAHLALI 324 UNITS	PGWC Housing	-	(47)	-	-	-	-	(1)	-	(48)
FAC. GRANT MASIPHATSANE PH4	PGWC Housing	-	(14)	-	-	-	-	-	-	(14)
BELHAR PENITECH	PGWC Housing	-	(132)	-	-	-	-	-	-	(132)
PROVISION OF SECURITY IMPROVEMENTS AT RAIL PARK AND RIDE FACILITIES	PGWC Dot	-	(2 000)	-	810	-	-	(21)	-	(1 211)
HANGBERG: APPOINTMENT OF MEDIATOR	PGWC Housing	-	(207)	-	413	-	-	-	(206)	-
EHP NYANGA, DU NOON AND ATLANTIS	PGWC Housing	-	(137)	-	-	-	-	-	-	(137)
		<b>(135 342)</b>	<b>(296 497)</b>	<b>13 088</b>	<b>317 778</b>	<b>1 979</b>	<b>(17 357)</b>	<b>(5 383)</b>	<b>(26 764)</b>	<b>(148 498)</b>
<b>Capital transfers and grants</b>										
<b>National Government</b>										
BUDGET REFORM FUNDS	National Treasury	(2 025)	(1 000)	-	1 777	832	-	-	-	(416)
WETTON / LANSDOWNE CORRIDOR	National Treasury	(11 763)	-	-	-	-	-	-	-	(11 763)
RESTRUCTURING GRANT - SEED FUNDING	National Treasury	(18 780)	-	-	6 931	1 911	-	-	-	(9 938)
KHAYELITSHA URBAN RENEWAL	National Treasury	(36 859)	(15 089)	-	2 447	7 349	-	-	-	(42 152)
MITCHELL'S PLAIN URBAN RENEWAL	National Treasury	(23 165)	(10 059)	-	1 533	179	-	-	-	(31 512)
DME - INEP	Dept. Mineral Energy	(11)	(7 018)	-	4 434	-	-	-	-	(2 595)
KHAYELITSHA WALL OF REMEMBRANCE	National Treasury	(261)	-	-	-	-	-	-	-	(261)
MITCHELLS PLAIN: TRAINING LIFE SKILLS & HORTICULTURE	National Treasury	(18)	-	-	-	-	-	-	-	(18)
YOUTH INTERNSHIP PROGRAMME	National Treasury	(2 316)	-	-	-	-	-	(138)	-	(2 454)
SANITATION TO INFORMAL SETTLEMENTS	Dept Water Affairs & Forestry	(541)	-	-	-	-	-	-	-	(541)
MUNICIPAL INFRASTRUCTURE GRANTS	National Treasury	-	(383 726)	70 407	247 294	2 479	-	-	-	(63 546)
MUNICIPAL SYSTEMS INFRASTRUCTURE GRANT	National Prov. Dept. Local Gov.	(2 193)	-	-	-	-	-	-	-	(2 193)

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		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PRINCESS VLEI SPORTS COMPLEX	National Treasury	(5)	-	-	-	-	-	-	-	(5)
ICLEI WORLD CONGRESS (B)	National Treasury	(6)	-	-	-	-	-	-	-	(6)
DEPARTMENT ENVIRONMENTAL AFFAIRS & TOURISM	National Treasury	(2)	-	-	-	-	-	-	-	(2)
SMART LIVING HANDBOOK	State - DWAF	(62)	-	-	-	-	-	(4)	-	(66)
ACCREDITATION : DEVELOPMENT SUPPORT	State Housing	(3 386)	-	-	64	227	-	-	-	(3 095)
2010 FIFA WORLD CUP: GREEN POINT	State: Dept. Sport and Recreation	(63 511)	-	-	57 997	-	-	(2 037)	-	(7 551)
NEIGHBOURHOOD DEVELOPMENT PROGRAMME	State NDP	-	(100 900)	2 848	47 141	-	-	(1 127)	-	(52 038)
DWAF: IMPLEMENTATION WATER DEMAND	State - DWAF	(7 076)	(9 286)	-	6 577	2 522	-	-	-	(7 263)
SALE OF LAND STATE DEPT PUBLIC WORKS	State Dept Other	(50 857)	-	-	-	-	-	(3 038)	-	(53 895)
DEP. ENVIRONMENTAL AFFAIRS & TOURISM	National Treasury	(81)	(90)	-	6	144	-	-	-	(21)
PUBLIC TRANSPORT INFRASTRUCTURE	National Treasury Transport	(432 193)	(469 179)	-	472 777	31 885	-	(30 011)	-	(426 721)
ENERGY EFFICIENCY ELECTRICITY DEMAND SIDE MANAGEMENT	National Treasury	(990)	(17 544)	-	17 010	-	-	-	-	(1 524)
		<b>(656 101)</b>	<b>(1 013 891)</b>	<b>73 255</b>	<b>865 988</b>	<b>47 528</b>	<b>-</b>	<b>(36 355)</b>	<b>-</b>	<b>(719 576)</b>
<b>Provincial Government</b>										
ATLANTIS COMMUNITY DEVELOPMENT	PGWC Sport and Recreation	(39)	-	-	-	-	-	(2)	-	(41)
DELFT COMMUNITY FACILITIES	PGWC Sport and Recreation	(97)	-	-	-	-	-	(6)	-	(103)
KHAYELITSHA NETBALL COURTS	PGWC Other	(12)	-	-	-	-	-	-	-	(12)
LIBRARIES - BROWNS FARM	PGWC Other	(17)	-	(51)	68	-	-	-	-	-
HEALTH - WELTEVREDEN CLINIC	PGWC Health	-	-	-	-	-	-	-	-	-
STORMWATER CTCH PROV BULK	PGWC Other	(387)	-	-	-	-	-	-	-	(387)
STORMWATER CULVER LOTUS CANAL	PGWC Other	(90)	-	-	-	-	-	-	-	(90)
CIVIC AMENITIES - HARTLEYVALE	PGWC Other	(4)	-	-	-	-	-	-	-	(4)
RDP DISCR. FUND TOILETS MARCONI BEAM	PGWC Other	(45)	-	-	-	-	-	-	-	(45)
HEALTH - UPGRADE VUYANI CLINIC	PGWC Health	(76)	-	-	-	-	-	-	-	(76)
PARKS & BATHING - NYANGA SOCCER	PGWC Other	(1)	-	-	-	-	-	-	-	(1)
STREETS - CROSSROADS	PGWC Other	(149)	-	-	-	-	-	-	-	(149)
GREEN POINT STADIUM - SPORT & RECREATION	PGWC Other	(4)	-	-	-	-	-	-	-	(4)
HEALTH - STRANDFONTEIN CLINIC	PGWC Health	(99)	-	-	-	-	-	-	-	(99)
STRANDFONTEIN BATHS	PGWC Other	(3)	-	-	-	-	-	-	-	(3)
GLENCAIRN WETLANDS	PGWC Other	(10)	-	-	-	-	-	-	-	(10)
HARMONE OORD - OUTDOOR DEVELOPMENT	PGWC Other	(397)	-	-	-	-	-	-	-	(397)
HEALTHY CITIES	PGWC Health	(44)	-	-	-	-	-	-	-	(44)
WALLADENCE CIVIL SERVICE INVESTIGATION	PGWC Other	(28)	-	-	-	-	-	-	-	(28)
E BUSINESS PROJECT	PGWC Other	(1 616)	-	-	-	-	-	(97)	-	(1 713)
SOCCER CLUB DEVELOPMENT FUND	PGWC Other	(116)	-	-	-	-	-	-	-	(116)

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STILWANEY CHILD CARE CENTRE	PGWC Other	(32)	-	-	-	-	-	-	-	(32)
DELFT SPORTSFIELD DEVELOPMENT	PGWC ISLP	(20)	-	-	-	-	-	-	-	(20)
BLOEKOMBOS INFORMAL BUSINESS FACILITIES	PGWC Other	(146)	-	-	-	-	-	-	-	(146)
ECHO ROAD HOUSING PROJECT	PGWC Other	(34)	-	-	-	-	-	-	-	(34)
GREEN POINT PHASE 2 HOUSING	Prov. House Dev. Board	(863)	-	-	-	-	-	-	-	(863)
GREENLAND'S HOUSING PROJECT	Prov. House Dev. Board	(971)	-	-	-	-	-	-	-	(971)
PHILLIPI PARK FLOODING	Prov. House Dev. Board	(1 363)	-	-	389	-	-	-	-	(974)
TAFELSIG AREA L: SILVER CITY	PGWC Housing	(202)	-	-	-	-	-	-	-	(202)
WALLACEDENE PHASE 10	Prov. House Dev. Board	(2)	-	-	-	-	-	-	-	(2)
WALLACEDENE HOUSING PROJECT	Prov. House Dev. Board	(445)	-	-	48	2	-	-	-	(395)
KUYASA T3V1 TOP STRUCTURES	Prov. House Dev. Board	(202)	-	-	-	-	-	-	-	(202)
HOSTELS PHASE 2 HOUSING	PGWC Housing	(976)	-	-	-	-	-	-	-	(976)
SPANDAU PROJECT 384 HOUSES	Prov. House Dev. Board	(36)	-	-	-	-	-	-	-	(36)
DELFT SOUTH HIGH DENSITY HOUSING	Prov. House Dev. Board	(104)	-	-	-	-	-	-	-	(104)
NYANGA UPGRADING PROJECT	Prov. House Dev. Board	(839)	-	-	941	139	-	-	(241)	-
SITE C SURVEY & SUBDIVISION	Prov. House Dev. Board	(3 509)	-	-	880	752	-	-	-	(1 877)
KHAYELITSHA KHUYASA PHASE 2	Prov. House Dev. Board	(373)	-	-	-	-	-	-	-	(373)
CHRIS HANI PARK HOUSING PROJECT	Prov. House Dev. Board	(274)	-	-	-	-	-	-	-	(274)
SWARTKLIP SPORTS FACILITY	PGWC Other	(87)	-	-	-	-	-	-	-	(87)
KHAYELITSHA DIY HOME INSULATION KIT	PGWC Housing	(45)	-	-	-	-	-	-	-	(45)
WITSAND HOUSING PROJECT PHASE I	Prov. House Dev. Board	(184)	-	-	-	-	-	-	-	(184)
IMIZAMO YETHU PHASE 2 NEW SERVICES	Prov. House Dev. Board	(931)	-	-	-	-	-	-	-	(931)
BLUE DOWNS GOLF CLUB HOUSE	PGWC Sport & Recreation	(26)	-	-	-	-	-	-	-	(26)
NOLUNGILE COMMUNITY HEALTH CENTRE	PGWC ISLP	-	-	-	-	-	-	-	-	-
LIBRARIES PHILLIPI EAST	PGWC ISLP	(51)	-	51	-	-	-	-	-	-
TAMBO SQUARE	PGWC Housing	(42)	-	-	-	-	-	-	-	(42)
MTAB PROJECTS - PAWC	PGWC MTAB	-	-	(30 343)	27 830	2 513	-	-	-	-
MTAB PROJECTS - OTHER	MTAB Other	-	-	(2 481)	2 481	-	-	-	-	-
OLIVER TAMBO DRIVE PUBLIC SPACE PHASE 1	PGWC Housing	(52)	-	-	-	-	-	-	-	(52)
KHAYELITSHA MULTI PURPOSE CENTRE	PGWC Social Services	(751)	-	-	9	-	-	(45)	-	(787)
NETREG HOUSING PROJECT	PGWC Housing	(350)	-	-	-	-	-	-	-	(350)
LANGA SPORTSFIELD DEVELOPMENT	PGWC Other	(141)	-	-	35	-	-	-	-	(106)
KHAYELITSHA STADIUM SITE B	PGWC Sport & Recreation	(106)	-	-	-	-	-	-	-	(106)
WALLACEDENE PHASE 4 HOUSING PROJECT	PGWC Housing	-	-	(69)	69	-	-	-	-	-

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KHAYELITSHA LOCAL BUSINESS SERVICE CENTRE	Prov. Dept. Local Gov.	-	-	-	-	-	-	-	-	-
TSOGA ENVIRONMENTAL RESOURCE CENTRE	PGWC Human Settlement Redevelopment Program	(251)	-	-	-	-	-	-	-	(251)
MACASSAR CIVIC NODE	PGWC Human Settlement Redevelopment Program	(54)	-	-	-	-	-	-	-	(54)
KHAYELITSHA VACANT LAND STUDY	PGWC Other	(250)	-	-	-	-	-	-	-	(250)
JOE SLOVO FLOODLIGHTING	PGWC Sport & Recreation	-	-	-	-	-	-	-	-	-
PHOENIX SPORTS COMPLEX (TELKOM PARK)	PGWC Sport & Recreation	-	-	-	-	-	-	-	-	-
WALLACEDENE PHASE 7 HOUSING PROJECT	PGWC Housing	(1 532)	-	-	10	-	-	-	-	(1 522)
WALLACEDENE PHASE 8 HOUSING PROJECT	PGWC Housing	(424)	-	-	35	361	-	-	-	(28)
WALLACEDENE PHASE 9 HOUSING PROJECT	PGWC Housing	-	-	(242)	204	38	-	-	-	-
KALKFONTEIN PHASE 2	PGWC Housing	(395)	-	-	-	-	-	-	-	(395)
MITCHELL'S PLAIN INFILL PHASE 1	PGWC Housing	(4 570)	-	-	651	811	-	-	-	(3 108)
LOCAL GOVERNMENT WATER AND RELATED SERVICES	PGWC Other	(11)	-	-	-	-	-	-	-	(11)
PHILLIPI PLANNING FOR DEVELOPMENT	PGWC Other	(54)	-	-	-	-	-	(3)	-	(57)
PHILLIPI BUSINESS PARK PLANNING	PGWC Other	(86)	-	-	-	-	-	(5)	-	(91)
WESBANK AND HAPPY VALLEY - ULUNTU PLAZA	PGWC Human Settlement Redevelopment Program	(123)	-	-	-	-	-	-	-	(123)
KEWTOWN INFILL DEVELOPMENT	PGWC Housing	(327)	-	-	57	5	-	-	-	(265)
MITCHELL'S PLAIN YOUTH & FAMILY DEVELOPMENT CENTRE	PGWC Social Services	(618)	-	-	-	-	-	(37)	-	(655)
GUGULETU SEVEN MEMORIAL	PGWC Other	(40)	-	-	-	-	-	(2)	-	(42)
KHAYELITSHA POVERTY REDUCTION PROGRAMME	PGWC Social Services	(2 379)	-	-	-	-	-	(142)	-	(2 521)
TAFELSIG MULTI - PURPOSE CENTRE	PGWC Other	(519)	-	-	-	-	-	-	-	(519)
ABLUTIONS METROPOLITAN SF BONTEHEUWEL	PGWC Sport & Recreation	-	-	-	-	-	-	-	-	-
KHAYELITSHA DEVELOPMENT OF REMEMBRANCE SQUARE	PGWC Other	(16)	-	-	-	-	-	(1)	-	(17)
CHEMICAL TOILETS IN WALLACEDENE	PGWC Housing	(23)	-	-	-	-	-	(1)	-	(24)
WESBANK SPORT COMPLEX	PGWC Sport & Recreation	(6)	-	-	-	-	-	-	-	(6)
GLOBAL FUND: COMMUNITY BASED PROGRAMME	PGWC Health	(2 501)	-	243	-	-	-	(140)	-	(2 398)
WITSAND HOUSING PROJECT PHASE 2	Prov. House Dev. Board	(1 873)	(30 443)	-	16 809	780	-	-	-	(14 727)
SANRAL EMERGENCY PROJECT 1600 UNITS	PGWC Housing	(6 156)	(28 139)	-	26 050	156	-	-	-	(8 089)
ENKANINI HOUSING PROJECT	PGWC Housing	(3 499)	-	-	194	-	-	-	-	(3 305)
RIVER CLEAN AND GREEN PROJECT	PGWC Other	(339)	-	-	-	-	-	(20)	-	(359)
FIRE DETECTION SURVEILLANCE CAMERAS	PGWC Other	(61)	-	-	-	-	-	(4)	-	(65)
COASTAL ZONE DEVELOPMENT GUIDELINES FRAMEWORK	PGWC	(54)	-	-	-	-	-	(3)	-	(57)
REDHILL INFORMAL SETTLEMENT	PGWC Human Settlement Redevelopment Program	(230)	-	-	-	-	-	(14)	-	(244)
TESTING FACILITIES: LEARNER'S DRIVING	PGWC Transport & Public Works	(10)	-	-	-	-	-	-	-	(10)
PHILLIPI EAST MARKET	PGWC Agriculture	(501)	-	-	-	-	-	(30)	-	(531)



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PHOENIX UISP	PGWC Housing	(215)	-	-	73	-	-	-	-	(142)
WALLACEDENE PHASE 10B HOUSING PROJECT	PGWC Housing	(2 873)	-	-	-	-	-	-	-	(2 873)
ATHLONE STADIUM GENERAG UPGRADING	PGWC Transport & Public Works	(1 742)	-	-	-	-	-	-	-	(1 742)
LOCAL SPATIAL PLAN	PGWC Other	(1)	-	-	-	-	-	-	-	(1)
NATIONAL IMBIZO FOCUS WEEK	PGWC Other	(240)	-	-	-	-	-	-	-	(240)
TEMPERANCE TOWN	PGWC Housing	-	(1 817)	-	1 935	-	-	-	(118)	-
DU NOON PHASE 1 : TRANSFERS	Prov. House Dev. Board	(286)	-	-	-	-	-	-	-	(286)
PUBLIC LIBRARY FUND	PGWC Cultural Affair	(2 417)	(24 267)	-	9 756	14 194	-	(600)	-	(3 334)
GOV. GRANT (COMMUNITY DEV. WORKERS)	PGWC Housing	(1 000)	-	178	-	-	-	(59)	-	(881)
NONQUBELA PH2/MAKHAZA	Prov. House Dev. Board	-	-	-	49	(49)	-	-	-	-
DRIFTSANDS UISP	PGWC Housing	(260)	-	-	-	-	-	-	-	(260)
FACILITATION GRANT MASIPHATHISANE PHASE 1	PGWC Housing	(14)	-	-	-	-	-	(1)	-	(15)
FACILITATION GRANT IGUGULTHU PHASE 1	PGWC Housing	(32)	-	-	-	-	-	(2)	-	(34)
BARDALE HIGH MAST LIGHTING PROJECT	PGWC Housing	(471)	-	-	-	-	-	-	-	(471)
FAC. GRANT CHRIS HANI PARK	PGWC Housing	(2)	-	-	-	-	-	-	-	(2)
MANENBERG SPORT COMPLEX UPGRADE GMS	PGWC Cultural	(235)	-	-	-	-	-	-	-	(235)
GABRIEL SQUARE RESTITUTION	PGWC Housing	(37)	-	-	-	-	-	-	-	(37)
HOUSING LAND ACQUISITIONS PGWC	PGWC Housing	-	(10 051)	-	10 051	-	-	-	-	-
HAPPY VALLEY - BLACKHEATH	PGWC Housing	(659)	(53 892)	-	502	110	-	-	-	(53 939)
HANGBER HOUSING PROJECT	PGWC Housing	(94)	-	-	42	-	-	-	-	(52)
JAKKELSVLEI CANAL UPGRADING	Prov. House Dev. Board	(12 000)	-	-	1 536	-	-	-	-	(10 464)
RONDEVLEI HOUSING PROJECT	Prov. House Dev. Board	(235)	(345)	-	338	-	-	-	-	(242)
CRU: CONNAUGHT FLATS	PGWC Housing	(815)	(8 136)	-	5 209	-	-	-	-	(3 742)
CRU: SCOTSDENE/VILLE FLATS	PGWC Housing	(8 248)	(49 154)	-	34 108	-	-	-	-	(23 294)
CRU: UITSIG HOUSES	PGWC Housing	(9 081)	(51 346)	-	38 200	-	-	-	-	(22 227)
CRU: WOODLANDS FLATS	PGWC Housing	(1 229)	(23 801)	-	13 358	-	-	-	-	(11 672)
CRU: MANENBURG FLATS	PGWC Housing	(3 648)	(1 696)	-	1 837	-	-	-	-	(3 507)
CRU: THE RANGE FLATS	PGWC Housing	(1 040)	(15 054)	-	7 318	-	-	-	-	(8 776)
CRU: KEWTOWN FLATS	PGWC Housing	(2 562)	(31 933)	-	26 275	-	-	-	-	(8 220)
CRU: HANOVER PARK FLATS	PGWC Housing	(7 298)	(30 861)	-	37 404	-	-	-	-	(755)
CRU: HEIDEVELD FLATS	PGWC Housing	(2 331)	(14 134)	-	7 081	-	-	-	-	(9 384)
CRU: MARBLE FLATS	PGWC Housing	(3 608)	(22 232)	-	16 175	-	-	-	-	(9 665)
CRU: HOSTELS - LWANDLE	PGWC Housing	(404)	-	-	-	-	-	-	-	(404)
CRU: HOSTELS - MFULENI	PGWC Housing	(438)	-	-	-	-	-	-	-	(438)

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CRU: SCOTTSVILLE FLATS	PGWC Housing	(4 748)	(269)	-	3 599	-	-	-	-	(1 418)
SEFP: KEWTOWN FLATS	PGWC Housing	-	-	-	1 650	-	-	-	(1 650)	-
BOKMAKIERIE / HAZENDAL INFILL	PGWC Housing	-	(3 087)	-	358	48	-	-	-	(2 681)
OCEAN VIEW / MOUNTAIN VIEW	PGWC Housing	(5)	(9 591)	-	9 964	-	-	-	(368)	-
SOMERSET WEST HOUSING PROJECT	PGWC Housing	-	(5 000)	378	990	-	-	-	-	(3 632)
SERCOR PARK	PGWC Housing	-	-	-	1 930	(1 930)	-	-	-	-
LUVUYO CLINIC EXTENSION	PGWC	-	(17)	-	211	-	-	-	(194)	-
MACASSAR TREATMENT WORKS	PGWC	-	(8 000)	-	-	-	-	-	-	(8 000)
HEIDEVELD HOUSING INFILL	PGWC Housing	-	-	-	619	-	-	-	(619)	-
		<b>(111 561)</b>	<b>(423 265)</b>	<b>(32 336)</b>	<b>307 328</b>	<b>17 930</b>	<b>-</b>	<b>(1 214)</b>	<b>(3 190)</b>	<b>(246 308)</b>
<b>Total national government transfers and grants</b>		<b>(702 923)</b>	<b>(1 023 758)</b>	<b>81 118</b>	<b>955 533</b>	<b>47 528</b>	<b>(47 528)</b>	<b>(37 312)</b>	<b>-</b>	<b>(727 342)</b>
<b>Total provincial government transfers and grants</b>		<b>(246 903)</b>	<b>(719 762)</b>	<b>(19 248)</b>	<b>625 106</b>	<b>19 909</b>	<b>(17 357)</b>	<b>(6 597)</b>	<b>(29 954)</b>	<b>(394 806)</b>