

# City of Cape Town



## UNAUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

Auditor-General: 30 September 2012

The reporting entity (hereinafter 'the Entity') is a local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the Entity are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (Act 56 of 2003), The Municipal Structures Act (Act 117 of 1998), The Municipal systems Act (Act 32 of 2000) and various other acts and regulations.

### Glossary of abbreviations

AG	Auditor-General
ASB	Accounting Standards Board
CBD	Central Business District
CIDs	City Improvement District
CMTF	Cape Metropolitan Transport Fund
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
CTICC	Cape Town International Convention Centre (Pty) Ltd
DB	Defined Benefit
DBSA	Development Bank of South Africa
DC	Defined Contributions
DMTN	Domestic Medium Term Note
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EFF	External Finance Fund
FBE	Free Basic Electricity
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IRT	Integrated Rapid Transport
JSE	JSE Limited
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MOA	Memorandum of Agreement
MPAC	Municipal Public Accounts Committee
PAYE	Pay As You Earn
PGWC	Provincial Government Western Cape
PPE	Property, Plant and Equipment
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCMB	Standard Corporate and Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value-added Tax

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### Approval of financial statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2012, as set out on pages 11 to 81 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 31 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 (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in blue ink, belonging to Achmat Ebrahim, the City Manager. The signature is stylized and fluid.

**Achmat Ebrahim**  
City Manager

Date: **28** September 2012



**Executive Mayor  
Alderman P de Lille**

**Speaker**

Alderman J.D. Smit

**Chief Whip**

Alderman A.M. Serritslev



**Executive Deputy Mayor  
Alderman I.D. Neilson**

**Members of the Mayoral Committee**

- Alderman I.D. Neilson - Finance
- Alderman J.P. Smith - Safety and Security Services
- Alderman D.L. Qually - Corporate Services
- Alderman V.M. Walker - Economic, Environment and Spatial planning
- Councillor B.A. Cortje-Alcock - Social and Early Childhood Development
- Councillor L.V. James - Health
- Councillor T. Gqada - Community Services
- Councillor B.N. Herron - Transport, Roads and Stormwater
- Councillor G.I. Pascoe - Tourism, Events and Marketing
- Councillor S. Sims - Utility Services
- Councillor E.J. Sonnenberg - Housing

**Members of the Audit Committee**

- Z. Manjra Chairperson
- M.Y. Kajee Member
- K. Moloko Member
- M. Roos Member
- M. Burton Member (term expired 31 March 2012)

**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**  
8001

PO Box 655  
**Cape Town**  
8000



**City Manager**  
Achmat Ebrahim



**Chief Financial Officer**  
Kevin Jacoby

## Council members of the City of Cape Town

### Councillor/Alderman

Abrahams, A.N.	Green, A.M.	Mamkeli, S.	Purchase, F.
Abrahams, A.	Griesel, A.J.	Mangali, T.	Qoba, Z.L.
Abrahams, F.L.	Gwangxu, X.	March, G.W.	Qually, D.L.
Abrahams, M.M.	Gympies, S.C.	Marman, P.I.	Rass, B.
Adams, A.	Hadebe, B.	Matanzima, V.	Rau, R.
Adams, Y.	Hansen, B.	Matha, M.S.	Raymond, F.H.L.
America, D.	Hassiem, W.	Maxheke, J.J.	Rossouw, S.J.
Amira, D.	Haywood, M.	Maxifi, P.	Sakathi, T.
Andrews, E.P.	Hebe, L.A.	Mbandezi, S.	Schäfer, B.A.
Andrews, J.A.	Hendricks, M.G.E.	Mbonde, M.E.	Scheepers, C.J.
Anstey, E.	Herron, B.N.	McCarthy, J.	Serritslev, A.M.
Arendse, M.T.	Heuvel, J.A.	Mfusi, V.N.	Sikhakhane, N.
Arendse, R.	Heynes, P.C.	Mhlanga, C.	Siljeur, G.R.
Arendse, S.W.P.	Hinana, E.N.	Middleton, J.H.	Simons, R.S.
August, S.N.	Honono, T.T.	Mkutswana, M.A.	Sims, S.
Badela, D.E.	Hoosain, J.	Mngxunyeni, P.M.	Sitonga, M.C.
Bazier, R.	Ipser, C.W.	Mofoko, N.M.	Slabbert, J.D.
Beneke, R.	Isaacs, L.I.	Morkel, K.H.	Smit, J.D.
Bent, N.L.	Isaacs, V.R.	Moses, A.C.	Smith, J.
Bew, C.B.	Iversen, I.	Moses, R.M.	Sonnenberg, E.J.
Bloor, G.M.	Jackson, I.R.	Moshani, N.A.	Sono, N.P.
Brady, W.E.	Jacobs, B.M.	Mphila, D.	Sopaqa, M.M.
Bredenhand, J.C.	Jacobs, J.	Msindwana, M.E.	Sotashe, X.
Brenner, H.I.	Jaffer, L.	Mxolose, W.S.	Taylor, M.J.
Britz, M.T.	Jafftha, W.D.	Mzalisi, M.N.	Thomas, C.R.
Brunette, E.N.	James, L.V.	Ndamase, T.	Thomas, G.H.J.
Bryant, D.W.	Janse van Rensburg, C.	Ndongeni, A.X.	Thompson, T.B.
Brynard, C.A.	Jansen van Vuuren, M.I.	Ndzulwana, N.	Thuynsma, J.
Burger, J.H.H.	Jefferies, I.K.	Neilson, I.D.	Timm, G.
Cavanagh, G.V.	Jordaan, C.	Nenzani, S.M.	Toko, M.S.
Chapple, P.H.	Jordaan, L.D.	Ngqame, Y.A.	Twigg, G.G.
Christians, D.J.	Justus, C.R.	Ngqose, N.S.	Uys, T.A.
Christians, F.C.	Kannenbergh, A.C.K.	Ngqu, P.	Van Dalen, B.
Claasen, C.P.V.	Kearns, F.	Nguzo, M.	Van der Merwe, B.
Clayton, C.C.	Kemphorne, M.L.	Nieuwoudt, M.J.	Van der Merwe, C.G.
Cortje-Alcock, B.A.	Khatshwa, D.M.	Nikelo, M.	Van der Merwe, J.F.H.
Cottee, D.G.	Kleinsmith, M.E.	Nkohla, L.	Van der Rhee, A.
Crous, A.C.	Komeni, A.L.	Nkuzana, F.M.	Van der Walt, M.L.
D'Alton, D.J.	Kopman, N.F.	Nonkeyizana, S.	Van Minnen, B.M.
Davids, M.M.	Krynauw, J.	Notana, E.	Van Wyk, C.H.S.
De Lille, P.	Landingwe, N.J.	Nqavashe, M.L.	Velem, M.
Diamond, S.P.	Lategan, K.H.	Nqulwana, M.	Venter, J.D.
Dudley, D.K.	Le Roux, B.	Ntotoviyane, C.	Viljoen, R.
Dyantyi, V.D.	Leputhing, C.N.	Nyakatya, N.C.	Visser, J.
East, P.A.	Liell-Cock, S.P.	O'Connell, R.A.	Vos, J.
Ehrenreich, A.J.	Lili, A.	Oliver, M.J.	Vuba, S.T.
Elese, D.	Limberg, X.T.	Pakela-Mapasa, X.B.	Walker, V.M.
Esau, C.J.	Little, S.A.	Pascoe, G.I.	Watkyns, B.R.W.
Fourie, A.	Mabandla, M.	Peter, X.G.	Weavers, M.
Fourie, G.D.	Maci, L.	Petersen, M.J.	Williams, A.
Francke, P.	Mack, C.J.	Philander, S.	Yalezo, S.
Gabier, A.	Makanda, M.N.	Pienaar, S.	Yozi, S.K.
Gabriel, P.J.	Makasi, N.	Pietersen, M.P.	Zondani, L.G.
Gabuza, A.	Makeleni, K.	Pretorius, I.J.	
Gqada, T.	Makeleni, L.C.	Pringle, S.B.	
Gqola, T.L.	Mamba, K.C.	Pupa, T.	

		Economic Entity		Municipality of Cape Town	
		2012 R'000	2011 R'000 Restated <sup>1</sup>	2012 R'000	2011 R'000 Restated <sup>1</sup>
Note					
<b>ASSETS</b>					
<b>Non-current assets</b>					
		<b>24 916 058</b>	<b>22 028 520</b>	<b>24 772 497</b>	<b>21 882 359</b>
	Property, plant and equipment	1 24 399 586	21 659 720	24 217 257	21 474 791
	Heritage assets	2 12 742	11 914	12 742	11 914
	Investment property	3 192 478	84 999	192 478	84 999
	Intangible assets	4 100 432	44 884	100 432	44 884
	Investments	6 111 492	111 477	150 260	150 245
	Long-term receivables	7 99 328	115 526	99 328	115 526
<b>Current assets</b>					
		<b>10 942 785</b>	<b>9 617 108</b>	<b>10 781 583</b>	<b>9 455 791</b>
	Assets classified as held for sale	5 43	126	43	126
	Inventory	8 254 385	236 634	253 008	235 249
	Receivables	9 3 977 942	3 706 347	3 979 256	3 709 111
	Receivables from exchange transactions	2 756 953	2 454 401	2 756 953	2 454 401
	Receivables from non-exchange transactions	1 220 989	1 251 946	1 222 303	1 254 710
	Other receivables	10 325 737	204 083	318 299	194 259
	Other receivables from exchange transactions	167 900	96 628	160 462	86 804
	Other receivables from non-exchange transactions	157 837	107 455	157 837	107 455
	Investments	6 2 883 387	2 146 596	2 883 387	2 146 596
	Current portion of long-term receivables	7 19 758	19 193	19 758	19 193
	Cash and cash equivalents	11 3 481 533	3 304 129	3 327 832	3 151 257
<b>TOTAL ASSETS</b>		<b>35 858 843</b>	<b>31 645 628</b>	<b>35 554 080</b>	<b>31 338 150</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
		<b>9 276 134</b>	<b>8 882 088</b>	<b>9 252 622</b>	<b>8 856 173</b>
	Borrowings	12 5 192 992	5 361 398	5 176 421	5 343 836
	Provisions	13 4 076 201	3 512 337	4 076 201	3 512 337
	Deferred taxation	38 6 941	8 353	-	-
<b>Current liabilities</b>					
		<b>7 140 811</b>	<b>5 851 729</b>	<b>7 101 568</b>	<b>5 801 721</b>
	Deposits	14 291 441	244 695	274 944	233 492
	Provisions	15 1 028 845	777 384	1 025 777	774 911
	Payables from exchange transactions	16 3 799 494	3 356 178	3 783 153	3 321 917
	Unspent conditional grants and receipts	17 1 665 752	1 108 680	1 665 752	1 108 680
	Value added tax	18 57 756	57 368	57 756	57 368
	Taxation	1 381	528	-	-
	Current portion of borrowings	12 296 142	306 896	294 186	305 353
<b>Total liabilities</b>		<b>16 416 945</b>	<b>14 733 817</b>	<b>16 354 190</b>	<b>14 657 894</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>					
		<b>19 441 898</b>	<b>16 911 811</b>	<b>19 199 890</b>	<b>16 680 256</b>
	Housing Development Fund	19 521 463	539 070	521 463	539 070
	Reserves	20 1 770 255	1 771 534	1 770 255	1 771 534
	Accumulated surplus	21 17 014 410	14 468 763	16 908 172	14 369 652
	Non-controlling interest	22 135 770	132 444	-	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>35 858 843</b>	<b>31 645 628</b>	<b>35 554 080</b>	<b>31 338 150</b>

1. See note 47 for more details.

		Economic Entity		Municipality of Cape Town	
	Note	2012 R'000	2011 R'000 Restated <sup>1</sup>	2012 R'000	2011 R'000 Restated <sup>1</sup>
<b>REVENUE</b>					
<b>Exchange revenue</b>					
		<b>13 525 731</b>	<b>11 702 611</b>	<b>13 294 681</b>	<b>11 471 709</b>
Service charges	23	12 112 884	10 493 553	11 986 765	10 359 727
Rental of letting stock and facilities	24	302 086	250 316	302 086	250 316
Finance income	25	569 982	530 589	561 761	522 070
Licences and permits		41 471	37 645	41 471	37 645
Agency services		123 651	115 991	123 651	115 991
Other income	26	331 513	253 906	234 803	165 380
Gains on disposal of property, plant and equipment		44 144	20 611	44 144	20 580
<b>Non-exchange revenue</b>					
		<b>10 309 807</b>	<b>8 917 988</b>	<b>10 404 464</b>	<b>9 004 966</b>
City Improvement Districts	26	-	-	89 508	81 409
Property rates	27	4 706 641	4 524 363	4 712 098	4 529 932
Fuel levy		1 637 276	1 510 960	1 637 276	1 510 960
Fines		144 394	166 476	144 394	166 476
Government grants and subsidies	28	3 757 835	2 636 469	3 757 835	2 636 469
Public contributions	29	63 661	79 720	63 353	79 720
<b>Total revenue</b>		<b>23 835 538</b>	<b>20 620 599</b>	<b>23 699 145</b>	<b>20 476 675</b>
<b>EXPENDITURE</b>					
Employee-related costs	30	6 955 786	6 184 573	6 916 012	6 147 892
Remuneration of councillors	31	97 916	88 858	97 772	88 621
Impairment costs	32	847 513	799 494	845 842	783 092
Collection costs		166 380	174 755	166 380	174 755
Depreciation and amortisation expenses	33	1 394 834	1 283 682	1 372 096	1 262 100
Finance costs	34	683 166	719 170	681 533	717 475
Bulk purchases	35	5 705 263	4 620 165	5 705 263	4 620 165
Contracted services		2 270 080	2 081 964	2 193 662	2 010 269
Grants and subsidies paid	36	103 502	93 393	103 492	93 382
General expenses	37	3 075 160	2 738 305	3 095 735	2 750 930
Losses on disposal of property, plant and equipment		1 747	3 702	1 724	3 529
<b>Total expenditure <sup>2</sup></b>		<b>21 301 347</b>	<b>18 788 061</b>	<b>21 179 511</b>	<b>18 652 210</b>
<b>Surplus</b>		<b>2 534 191</b>	<b>1 832 538</b>	<b>2 519 634</b>	<b>1 824 465</b>
<b>Taxation</b>	38	(4 104)	(6 455)	-	-
<b>Surplus after taxation</b>		<b>2 530 087</b>	<b>1 826 083</b>	<b>2 519 634</b>	<b>1 824 465</b>
Attributable to owners of the controlling entity		<b>2 526 761</b>	<b>1 827 243</b>		
Attributable to non-controlling interest	22	3 326	(1 160)		
<b>SURPLUS FOR THE YEAR</b>		<b>2 530 087</b>	<b>1 826 083</b>		

1. See note 47 for more details.

2. Includes the repair and maintenance amount of R1,89 billion (2011: R1,71 billion).

### Economic Entity

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Non-controlling interest R'000	Total R'000
<b>2011</b>						
<b>Balance as at 30 June 2010</b>	531 472	1 180 916	658 175	12 581 561	133 604	15 085 728
<b>Restated surplus at 01 July 2010 <sup>1</sup></b>	-	-	-	1 827 243	-	1 827 243
Surplus at 30 June 2011 - previously reported	-	-	-	1 734 960	(1 160)	(1 160)
Correction of errors	-	-	-	92 283	-	-
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	-	-
Property, plant and equipment purchased	(22 855)	(565 040)	-	587 895	-	-
<b>Balance as at 30 June 2011</b>	<b>539 070</b>	<b>1 186 371</b>	<b>585 163</b>	<b>14 468 763</b>	<b>132 444</b>	<b>16 911 811</b>
<b>2012</b>						
Surplus for the year	-	-	-	2 526 761	3 326	2 530 087
Transfer to/(from)	(9 088)	818 572	(88 981)	(720 503)	-	-
Property, plant and equipment purchased	(8 519)	(730 870)	-	739 389	-	-
<b>Balance as at 30 June 2012</b>	<b>521 463</b>	<b>1 274 073</b>	<b>496 182</b>	<b>17 014 410</b>	<b>135 770</b>	<b>19 441 898</b>

### Municipality of Cape Town

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Total R'000
<b>2011</b>					
<b>Balance at 30 June 2010</b>	531 472	1 180 916	658 175	12 485 228	14 855 791
<b>Restated surplus at 1 July 2010 <sup>1</sup></b>	-	-	-	1 824 465	1 824 465
Surplus at 30 June 2011 - previously reported	-	-	-	1 732 182	-
Correction of errors	-	-	-	92 283	-
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>14 369 652</b>	<b>16 680 256</b>
<b>2012</b>					
Surplus for the year	-	-	-	2 519 634	2 519 634
Transfer to/(from)	(9 088)	818 572	(88 981)	(720 503)	-
Property, plant and equipment purchased	(8 519)	(730 870)	-	739 389	-
<b>Balance at 30 June 2012</b>	<b>521 463</b>	<b>1 274 073</b>	<b>496 182</b>	<b>16 908 172</b>	<b>19 199 890</b>

1. See note 47 for more details.



		Economic Entity		Municipality of Cape Town	
	Note	2012 R'000	2011 R'000	2012 R'000	2011 R'000 Restated <sup>1</sup>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		22 486 566	19 154 392	22 359 438	19 018 393
Cash paid to suppliers and employees		(17 132 808)	(15 242 390)	(17 019 721)	(15 160 258)
Cash generated from operations	39	5 353 758	3 912 002	5 339 717	3 858 135
Finance income		572 094	512 376	563 873	503 857
Finance costs		(663 394)	(710 888)	(661 761)	(709 193)
Taxation		(4 663)	(9 981)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>5 257 795</b>	<b>3 703 509</b>	<b>5 241 829</b>	<b>3 652 799</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment and other		(4 253 098)	(2 895 348)	(4 233 245)	(2 857 761)
Proceeds on disposal of assets		45 983	63 604	45 983	63 278
Decrease/(increase) in assets held-for-sale		83	(60)	83	(60)
Decrease in non-current receivables		15 633	1 819	15 633	1 819
(Increase) in investments		(736 806)	(1 962 720)	(736 806)	(1 962 720)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(4 928 205)</b>	<b>(4 792 705)</b>	<b>(4 908 352)</b>	<b>(4 755 444)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
New loans raised		431	335	-	-
Loans repaid		(199 363)	(262 568)	(198 354)	(261 609)
Increase in deposits		46 746	2 102	41 452	4 332
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(152 186)</b>	<b>(260 131)</b>	<b>(156 902)</b>	<b>(257 277)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	40	<b>177 404</b>	<b>(1 349 327)</b>	<b>176 575</b>	<b>(1 359 922)</b>
Cash and cash equivalents at the beginning of the year		3 304 129	4 653 456	3 151 257	4 511 179
<b>Cash and cash equivalents at the end of the year</b>		<b>3 481 533</b>	<b>3 304 129</b>	<b>3 327 832</b>	<b>3 151 257</b>

## Statement of comparison of budget and actual amounts for the year ended 30 June 2012

Note	Actuals	Approved budget	Final budget	Variance:	Variance
	R'000	R'000	R'000	Final budget and actual amounts	
				R'000	%
<b>STATEMENT OF FINANCIAL POSITION 42.2.1</b>					
Total non-current assets	24 916 058	27 199 565	25 328 852	412 794	1,63
Total current assets	10 942 785	7 664 200	6 916 319	(4 026 466)	(58,22)
<b>Total assets</b>	<b>35 858 843</b>	<b>34 863 765</b>	<b>32 245 171</b>	<b>(3 613 672)</b>	<b>(11,21)</b>
Total non-current liabilities	9 276 134	10 488 998	9 085 680	(190 454)	(2,10)
Total current liabilities	7 140 811	5 282 869	4 248 021	(2 892 790)	(68,10)
<b>Total liabilities</b>	<b>16 416 945</b>	<b>15 771 867</b>	<b>13 333 701</b>	<b>(3 083 244)</b>	<b>(23,12)</b>
Total net assets	19 441 898	19 091 898	18 911 470	(530 428)	(2,80)
<b>Total net assets and liabilities</b>	<b>35 858 843</b>	<b>34 863 765</b>	<b>32 245 171</b>	<b>(3 613 672)</b>	<b>(11,21)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE 42.2.2</b>					
Service charges	12 112 884	12 532 716	12 223 909	111 025	0,91
Rental of letting stock and facilities	302 086	264 043	263 608	(38 478)	(14,60)
Finance income	569 982	416 261	416 261	(153 721)	(36,93)
Licences and permits	41 471	30 046	30 046	(11 425)	(38,03)
Agency services	123 651	115 993	115 993	(7 658)	(6,60)
Other income	331 513	278 009	302 008	(29 505)	(9,77)
Gains on disposal of property, plant and equipment	44 144	105 000	85 000	40 856	48,07
Property rates	4 706 641	4 667 744	4 697 744	(8 897)	(0,19)
Fuel levy	1 637 276	1 637 276	1 637 276	-	-
Fines	144 394	186 892	172 963	28 569	16,52
Government grants and subsidies	3 757 835	4 539 536	4 009 151	251 316	6,27
Public contributions	63 661	73 639	84 399	20 738	24,57
<b>Total revenue</b>	<b>23 835 538</b>	<b>24 847 155</b>	<b>24 038 358</b>	<b>202 820</b>	<b>0,84</b>
Employee-related costs	6 955 786	7 131 487	7 042 977	87 191	1,24
Remuneration of councillors	97 916	109 156	109 156	11 240	10,30
Impairment costs	847 513	1 072 226	1 056 640	209 127	19,79
Collection costs	166 380	201 229	170 729	4 349	2,55
Depreciation and amortisation expenses	1 394 834	1 386 621	1 386 621	(8 213)	(0,59)
Finance costs	683 166	766 497	766 497	83 331	10,87
Bulk purchases	5 705 263	5 785 576	5 697 676	(7 587)	(0,13)
Contracted services	2 270 080	2 399 092	2 368 007	97 927	4,14
Grants and subsidies paid	103 502	96 419	106 248	2 746	2,58
General expenses	3 075 160	3 340 762	3 111 641	36 481	1,17
Losses on disposal of property, plant and equipment	1 747	-	-	(1 747)	-
<b>Total expenditure</b>	<b>21 301 347</b>	<b>22 289 065</b>	<b>21 816 192</b>	<b>514 845</b>	<b>2,36</b>
<b>Surplus for the year</b>	<b>2 534 191</b>	<b>2 558 090</b>	<b>2 222 166</b>	<b>(312 025)</b>	<b>(14,04)</b>
<b>CASH FLOW STATEMENT 42.2.3</b>					
Net cash from (used) operating	5 257 795	4 187 458	2 211 783	(3 046 012)	(137,72)
Net cash from (used) investing	(4 928 205)	(5 171 557)	(2 646 102)	2 282 103	(86,24)
Net cash from (used) financing	(152 186)	1 325 535	(180 184)	(27 998)	15,54
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>177 404</b>	<b>341 436</b>	<b>(614 503)</b>	<b>(791 907)</b>	<b>128,87</b>
<b>CAPITAL EXPENDITURE 42.2.4</b>					
City Health	22 801	24 848	22 972	171	0,74
City Manager	122	422	142	20	14,08
Community Services	162 772	136 857	168 893	6 121	3,62
Corporate Services	204 771	205 871	211 269	6 498	3,08
Deputy City Manager	13 962	24 419	16 945	2 983	17,60
Economic, Environment and Spatial Planning	36 727	52 694	42 841	6 114	14,27
Finance	119 902	155 232	120 821	919	0,76
Safety and Security	67 079	41 101	68 175	1 096	1,61
Social and Early Childhood Development	9 446	11 350	12 330	2 884	23,39
Tourism, Events and Marketing	62 875	54 779	72 695	9 820	13,51
Transport, Roads and Stormwater	1 280 796	1 824 558	1 430 884	150 088	10,49
Human Settlements	490 725	751 081	553 787	63 062	11,39
Waste Management	229 903	284 271	230 653	750	0,33
Water and wastewater management	605 156	691 214	643 257	38 101	5,92
Electricity	926 208	831 170	965 548	39 340	4,07
Subsidiaries	19 853	37 587	37 587	17 734	47,18
<b>Total <sup>1</sup></b>	<b>4 253 098</b>	<b>5 127 454</b>	<b>4 598 799</b>	<b>345 701</b>	<b>7,52</b>

1. The Actual amount does not include the contributed assets amount of R76,43 million. See Appendix B.

## ACCOUNTING POLICIES

### GENERAL INFORMATION

The address of the Economic Entity's registered office and principal place of business is disclosed under "General information" while the Entity's principal activities are described in the "Reporting Entity's Mandate" to the annual financial statements.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are, in all material respects consistent with those applied in the previous year, except as stated in note 47, 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 GRAP, issued by the ASB and approved by the Minister of Finance as effective.

The ASB has issued a directive that sets out the principles for the application of the GRAP 3 guidelines in the determining 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 Entity'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 – Entity 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 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. This was performed per service-identifiable categories across all debtor classes of.

#### Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

#### Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in note 13 and 49.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

#### Useful lives of property, plant and equipment

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements, and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimate of residual values of assets is also based on management's judgement on 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 when a 5% difference 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 Entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations, and are effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

The Entity has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards. Effective dates have been given for some of the standards, while for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2012, the following standards had been issued but were 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
  - GRAP 104 - Financial instruments
- Annual periods commencing on or after 1 April 2013:
  - GRAP 25 - Employee benefits
- No effective dates provided as yet:
  - GRAP 18 - Segment reporting
  - GRAP 20 - Related party disclosures (revised)
  - 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 the standards take effect. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal.

**CONSOLIDATION**

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

**Subsidiaries**

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity and are no longer consolidated from the date that effective control ceases. For certain entities, the Entity has entered into contractual arrangements which allows the Entity to have power to exercise control over the operations of such entities. Because the group controls such entities in this manner they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance.

**HOUSING FUNDS**

The Housing Development Fund was established in terms of the Housing Act (Act 107 of 1997).

**Housing Development Fund**

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

In terms of section 14(4)(d)(ii)(aa), read with inter alia section 16(2), the Housing Act also requires 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 Entity 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, in terms of which 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 Entity 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 or 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 (COID) reserve**

The Entity 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 130 of 1993).

The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires the Entity to deposit cash and/or securities with the Commissioner, of which the total market values in aggregate shall not be less than the capitalised value of the Entity's continuing liability 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 Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from 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 non-exchange transactions, its cost is deemed to be its fair value on the date of acquisition.

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 Entity 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 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	6–50
Electricity	20–30	Specialist vehicles	10–20
Water	15–30	Other vehicles	4–8
Sewerage	15–20	Office equipment	3–10
Housing	30	Furniture and fittings	6–10
		Watercraft	10
<b>Community</b>		Bins and containers	5
Recreational facilities	20–30	Plant and equipment	5–10
Security	5–10	Landfill sites	30
		Central processing units	4
		Library books	1

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable as it has an indefinite useful life. 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 is 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 is deemed to be 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 upon disposal, or when it is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in 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 Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, 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.

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

Non-current assets and disposal groups classified as held for sale will cease to be classified as such when the recognition criteria is no longer 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-generating 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 as well as intangible assets not yet available for use are tested for impairment annually at the same time every year as well as whenever there is an indication that the asset may be impaired.

The recoverable amount of a cash-generating asset is the higher of fair value less cost 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.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less cost 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 most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used is a pre-tax discount rate that 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**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.

**INVENTORIES**

Inventories consist of raw materials, work in progress, consumables and finished goods that 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 they are 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, costs 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.

**VALUE-ADDED TAX**

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

**GRANTS AND RECEIPTS**

Income received from conditional grants, donations and subsidies is recognised in so far as the Entity has complied with all of the criteria, conditions or obligations embodied in the applicable agreement. In so far as the criteria, conditions or obligations have not been met, a liability is recognised and should the funds not be committed for future use, that such funds be repaid.

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

Unconditional grants are immediately recognised as revenue.

**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 Entity 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 can be reliably estimated 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. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

**ENVIRONMENTAL REHABILITATION PROVISIONS**

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

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, 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.

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

The Entity 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 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 Entity 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 fully accounted for in the statement of financial performance in the year they occur.

**Medical aid: Continued members**

The Entity 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 Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights. Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 60%, 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. 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 unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year they occur. 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 Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The Entity provides long-term incentives to eligible employees, payable on completion of years of employment. The Entity'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 fully accounted for in the statement of financial performance.

**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 Entity, and these benefits can be reliably measured. 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 sewerage 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 other month based on 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 Entity'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 Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
  - The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- 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 and ratepayers have been dually notified. 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 the effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. 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 is 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 Entity.
- 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.

**LEASES****The Entity 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 Entity.

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 Entity 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 Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity 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.

**FINANCIAL INSTRUMENTS**

Financial instruments are recognised when the Entity 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, which the Entity 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 the fair value of which 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 Entity 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 Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and 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, cancelled or expires.

**PAYABLES**

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

**RECEIVABLES**

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 by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity 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.

**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 (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

**IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998), 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, is subsequently accounted for as revenue in the same statement.

**SERVICES IN-KIND**

The Entity does not recognise services in-kind as revenue or as an asset, but separately discloses the nature and type of major classes of services in-kind as a note to the financial statements.

**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, is subsequently accounted for as revenue in the same statement.

**FOREIGN-CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position reporting 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.

**RELATED PARTIES**

The Entity regards a related party as a person or an entity with the ability to control individually or jointly, or exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party and comprises of the Executive Mayor, Mayoral Committee members, City Manager, Deputy City Manager and Executive Directors.

**CONSTRUCTION CONTRACTS**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with that construction contract are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the reporting date.

The stage of completion is based on the proportion of contract costs incurred to date relative to the estimated total costs.

When the outcome of a construction contract cannot be reliably measured, revenue is recognised only to the extent that contract costs incurred are likely to be recovered. Contract costs are recognised as expenses in the period which they are incurred.

In some cases, certain construction activity and technical supervision have been subcontracted to private sector contractors for a fixed "completion of contract" fee. Where this has occurred, the subcontracted costs are recognised as on the percentage of completion method for each subcontract.

Amounts received before the related work is performed are included in the statement of financial position, as a liability, under unspent conditional grants and receipts

**BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by 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 comments are provided in the notes to the annual financial statements, firstly stating reasons for overall growth or decline in the budget and, secondly, motivating overspending or underspending on line items.

The annual budget figures included in the financial statements are for the Entity. 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 IDP.

**OFFSETTING**

Financial assets and liabilities are offset and the net amount reported in 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.

**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.

## 1. PROPERTY, PLANT AND EQUIPMENT

	Economic entity						Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	
<b>As at 30 June 2012</b>							
Land and buildings	2 049 221	(348 522)	73 596	(48)	(81 381)	(20 327)	1 672 539
Infrastructure	11 578 408	(204 000)	2 645 556	-	(590 791)	(234)	13 428 939
Community	5 072 370	591 269	232 914	-	(220 508)	-	5 676 045
Leased assets	65 592	(65 592)	-	-	-	-	-
Other	2 282 583	(186 682)	1 085 892	(2 797)	(457 276)	(6 831)	2 714 889
Housing rental stock	611 546	171 872	152 690	(727)	(28 207)	-	907 174
<b>TOTAL</b>	<b>21 659 720</b>	<b>(41 655)</b>	<b>4 190 648</b>	<b>(3 572)</b>	<b>(1 378 163)</b>	<b>(27 392)</b>	<b>24 399 586</b>

(See Appendix B for more details)

<b>As at 30 June 2011</b>							
Land and buildings	1 823 409	202 606	125 292	(395)	(91 825)	(9 866)	2 049 221
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	2 272 944	(198 856)	699 216	(43 627)	(431 002)	(16 092)	2 282 583
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	-	611 546
<b>TOTAL</b>	<b>20 133 732</b>	<b>(15 576)</b>	<b>2 885 024</b>	<b>(46 625)</b>	<b>(1 270 877)</b>	<b>(25 958)</b>	<b>21 659 720</b>

	Municipality of Cape Town						Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	
<b>As at 30 June 2012</b>							
Land and buildings	1 898 806	(348 522)	69 758	(25)	(67 202)	(20 327)	1 532 488
Infrastructure	11 578 408	(204 000)	2 645 556	-	(590 791)	(234)	13 428 939
Community	5 072 370	591 269	232 914	-	(220 508)	-	5 676 045
Leased assets	65 592	(65 592)	-	-	-	-	-
Other	2 248 069	(186 682)	1 069 569	(2 797)	(448 717)	(6 831)	2 672 611
Housing rental stock	611 546	171 872	152 690	(727)	(28 207)	-	907 174
<b>TOTAL</b>	<b>21 474 791</b>	<b>(41 655)</b>	<b>4 170 487</b>	<b>(3 549)</b>	<b>(1 355 425)</b>	<b>(27 392)</b>	<b>24 217 257</b>

(See Appendix B for more detail)

<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	(197 327)	676 535	(43 314)	(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>(15 576)</b>	<b>2 847 437</b>	<b>(46 158)</b>	<b>(1 249 295)</b>	<b>(9 866)</b>	<b>21 474 791</b>

Provision has been made for the estimated cost of rehabilitation of waste sites, included in other assets, as described in note 13.

The Entity 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 their lives would therefore be nil or insignificant. During the current financial year, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

Fully depreciated assets at an original cost of R1,30 billion (2011: R1,94 billion) are still in use.

**2. HERITAGE ASSETS**

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
<b>As at 30 June 2012</b>					
Assets under construction	3 552	(268)	350	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108
<b>TOTAL</b>	<b>11 914</b>	<b>482</b>	<b>350</b>	<b>(4)</b>	<b>12 742</b>

(See Appendix B for more details)

<b>As at 30 June 2011</b>					
Assets under construction	1 660	(9)	1 901	-	3 552
Paintings and art galleries	8 342	-	30	(10)	8 362
<b>TOTAL</b>	<b>10 002</b>	<b>(9)</b>	<b>1 931</b>	<b>(10)</b>	<b>11 914</b>

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
<b>As at 30 June 2012</b>					
Assets under construction	3 552	(268)	350	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108
<b>TOTAL</b>	<b>11 914</b>	<b>482</b>	<b>350</b>	<b>(4)</b>	<b>12 742</b>

(See Appendix B for more detail)

<b>As at 30 June 2011</b>					
Assets under construction	1 660	(9)	1 901	-	3 552
Paintings and art galleries	8 342	-	30	(10)	8 362
<b>TOTAL</b>	<b>10 002</b>	<b>(9)</b>	<b>1 931</b>	<b>(10)</b>	<b>11 914</b>

**3. INVESTMENT PROPERTY**

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
<b>As at 30 June 2012</b>					
Vacant land	38 366	-	109 132	-	147 498
Land and buildings	46 633	-	-	(1 653)	44 980
<b>TOTAL</b>	<b>84 999</b>	<b>-</b>	<b>109 132</b>	<b>(1 653)</b>	<b>192 478</b>

(See Appendix B for more details)

<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>-</b>	<b>(2 598)</b>	<b>84 999</b>

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
<b>As at 30 June 2012</b>					
Vacant land	38 366	-	109 132	-	147 498
Land and buildings	46 633	-	-	(1 653)	44 980
<b>TOTAL</b>	<b>84 999</b>	<b>-</b>	<b>109 132</b>	<b>(1 653)</b>	<b>192 478</b>

(See Appendix B for more detail)

<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>-</b>	<b>(2 598)</b>	<b>84 999</b>

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

**4. INTANGIBLE ASSETS**

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
<b>As at 30 June 2012</b>					
Computer software (acquired separately)	44 884	41 163	29 403	(15 018)	100 432

(See Appendix B for more detail)

<b>As at 30 June 2011</b>					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
<b>As at 30 June 2012</b>					
Computer software (acquired separately)	44 884	41 163	29 403	(15 018)	100 432

(See Appendix B for more detail)

<b>As at 30 June 2011</b>					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884

The capitalised computer software was estimated to have a finite life of five years at acquisition. The software is therefore amortised using the straight-line method over a period of five years.

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

	Economic entity			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	
<b>As at 30 June 2012</b>				
Land held for sale	126	10	(93)	43

(See Appendix B for more detail)

<b>As at 30 June 2011</b>				
Land held for sale	66	61	(1)	126

	Municipality of Cape Town			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	
<b>As at 30 June 2012</b>				
Land held for sale	126	10	(93)	43

(See Appendix B for more detail)

<b>As at 30 June 2011</b>				
Land held for sale	66	61	(1)	126

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

## 6. INVESTMENTS

**As at 30 June 2012**

RSA Government stock	50 013	-	-	50 013
Sinking fund deposits – see note 41	71 064	570 587	-	641 651
Other fixed deposits	1 608 681	-	-	1 608 681
Deposits held with fund managers	-	4 024 813	-	4 024 813
	1 729 758	4 595 400	-	6 325 158
Provision for impairment	(9 616)	-	-	(9 616)
<b>Net investments</b>	1 720 142	4 595 400	-	6 315 542
Current portion transferred to short-term investments	(37)	(2 883 350)	-	(2 883 387)
Current portion transferred to cash and cash equivalents – see note 11	(1 608 613)	(1 712 050)	-	(3 320 663)
<b>TOTAL</b>	<b>111 492</b>	<b>-</b>	<b>-</b>	<b>111 492</b>

**Investments detailed as follows:**

Balance at the beginning of the year	1 746 054	3 638 038	-	5 384 092
Capital invested	17 604 030	700 000	-	18 304 030
Investments matured	(17 660 010)	-	-	(17 660 010)
Recognised in the statement of financial performance	30 068	257 362	-	287 430
Finance income	30 068	260 933	-	291 001
Gains on valuation of investments	-	1 543	-	1 543
Transaction cost	-	(5 114)	-	(5 114)

**Balance at the end of the year**

Economic entity			
Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
50 013	-	-	50 013
71 064	570 587	-	641 651
1 608 681	-	-	1 608 681
-	4 024 813	-	4 024 813
1 729 758	4 595 400	-	6 325 158
(9 616)	-	-	(9 616)
1 720 142	4 595 400	-	6 315 542
(37)	(2 883 350)	-	(2 883 387)
(1 608 613)	(1 712 050)	-	(3 320 663)
<b>111 492</b>	<b>-</b>	<b>-</b>	<b>111 492</b>

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
1 746 054	3 638 038	-	5 384 092
17 604 030	700 000	-	18 304 030
(17 660 010)	-	-	(17 660 010)
30 068	257 362	-	287 430
30 068	260 933	-	291 001
-	1 543	-	1 543
-	(5 114)	-	(5 114)
<b>1 720 142</b>	<b>4 595 400</b>	<b>-</b>	<b>6 315 542</b>

**As at 30 June 2011**

RSA Government stock	48 472	-	-	48 472
Sinking fund deposits – see note 41	113 233	363 765	-	476 998
Other fixed deposits	1 593 966	-	-	1 593 966
Deposits held with fund managers	-	3 274 273	-	3 274 273
	1 755 671	3 638 038	-	5 393 709
Provision for impairment	(9 616)	-	-	(9 616)
<b>Net investments</b>	1 746 055	3 638 038	-	5 384 093
Current portion transferred to short-term investments	(50 294)	(2 096 302)	-	(2 146 596)
Current portion transferred to cash and cash equivalents – see note 11	(1 584 284)	(1 541 736)	-	(3 126 020)
<b>TOTAL</b>	<b>111 477</b>	<b>-</b>	<b>-</b>	<b>111 477</b>

**Investments detailed as follows:**

Balance at the beginning of the year	3 263 195	1 522 542	-	4 785 737
Capital invested	11 151 539	3 000 000	-	14 151 539
Investments matured	(12 683 695)	(1 038 110)	-	(13 721 805)
Recognised in the statement of financial performance	15 016	153 606	-	168 622
Finance income	15 016	146 740	-	161 756
Gains on valuation of investments	-	11 100	-	11 100
Transaction cost	-	(4 234)	-	(4 234)

**Balance at the end of the year**

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
48 472	-	-	48 472
113 233	363 765	-	476 998
1 593 966	-	-	1 593 966
-	3 274 273	-	3 274 273
1 755 671	3 638 038	-	5 393 709
(9 616)	-	-	(9 616)
1 746 055	3 638 038	-	5 384 093
(50 294)	(2 096 302)	-	(2 146 596)
(1 584 284)	(1 541 736)	-	(3 126 020)
<b>111 477</b>	<b>-</b>	<b>-</b>	<b>111 477</b>

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
3 263 195	1 522 542	-	4 785 737
11 151 539	3 000 000	-	14 151 539
(12 683 695)	(1 038 110)	-	(13 721 805)
15 016	153 606	-	168 622
15 016	146 740	-	161 756
-	11 100	-	11 100
-	(4 234)	-	(4 234)
<b>1 746 055</b>	<b>3 638 038</b>	<b>-</b>	<b>5 384 093</b>

Municipality of Cape Town				
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2012</b>				
RSA Government stock	50 013	-	-	50 013
Sinking fund deposits – see note 41	71 064	570 587	-	641 651
Other fixed deposits	1 482 345	-	-	1 482 345
Deposits held with fund managers	-	4 024 813	-	4 024 813
Shares in CTICC	-	-	284 000	284 000
	1 603 422	4 595 400	284 000	6 482 822
Provision for impairment	(9 616)	-	(245 232)	(254 848)
<b>Net investments</b>	1 593 806	4 595 400	38 768	6 227 974
Current portion transferred to short-term investments	(37)	(2 883 350)	-	(2 883 387)
Current portion transferred to cash and cash equivalents – see note 11	(1 482 277)	(1 712 050)	-	(3 194 327)
<b>TOTAL</b>	<b>111 492</b>	<b>-</b>	<b>38 768</b>	<b>150 260</b>

**Investments detailed as follows:**

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
Balance at the beginning of the year	1 625 197	3 638 038	38 768	5 302 003
Capital invested	17 170 387	700 000	-	17 870 387
Investments matured	(17 231 846)	-	-	(17 231 846)
Recognised in the statement of financial performance	30 068	257 362	-	287 430
Finance income	30 068	260 933	-	291 001
Gains on valuation of investments	-	1 543	-	1 543
Transaction cost	-	(5 114)	-	(5 114)
<b>Balance at the end of the year</b>	<b>1 593 806</b>	<b>4 595 400</b>	<b>38 768</b>	<b>6 227 974</b>

**As at 30 June 2011**

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	48 472	-	-	48 472
Sinking fund deposits – see note 41	113 233	363 765	-	476 998
Other fixed deposits	1 473 108	-	-	1 473 108
Deposits held with fund managers	-	3 274 273	-	3 274 273
Shares in CTICC	-	-	284 000	284 000
	1 634 813	3 638 038	284 000	5 556 851
Provision for impairment	(9 616)	-	(245 232)	(254 848)
<b>Net investments</b>	1 625 197	3 638 038	38 768	5 302 003
Current portion transferred to short-term investments	(50 294)	(2 096 302)	-	(2 146 596)
Current portion transferred to cash and cash equivalents – see note 11	(1 463 426)	(1 541 736)	-	(3 005 162)
<b>TOTAL</b>	<b>111 477</b>	<b>-</b>	<b>38 768</b>	<b>150 245</b>

**Investments detailed as follows:**

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
Balance at the beginning of the year	3 145 737	1 522 542	38 768	4 707 047
Capital invested	10 770 000	3 000 000	-	13 770 000
Investments matured	(12 305 556)	(1 038 110)	-	(13 343 666)
Recognised in the statement of financial performance	15 016	153 606	-	168 622
Finance income	15 016	146 740	-	161 756
Gains on valuation of investments	-	11 100	-	11 100
Transaction cost	-	(4 234)	-	(4 234)
<b>Balance at the end of the year</b>	<b>1 625 197</b>	<b>3 638 038</b>	<b>38 768</b>	<b>5 302 003</b>

**Collateral deposits for staff housing loans**

Included in other fixed deposits above are fixed deposits with a carrying value of R0,47 million (2011: 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 Entity has not issued fixed deposits as security since 2000. The Entity's exposure to risk is minimised by an assurance policy taken out by the employee, and ceded to the Entity to cover the guaranteed deposit.

**7. LONG-TERM RECEIVABLES**

Sporting bodies  
Housing land sales

Public organisations  
Provision for impairment

Housing selling developments  
Provision for impairment

Current portion transferred to current receivables

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

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

**Balance as at 30 June****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.

**Housing land sale**

Long term loan to the Khayelitsha community trust (sale of portion 1-3, Erf 58856) repayable over 18 years. Annual payments made with the final payment due in 2024.

**Public organisations**

Loans to public organisations are granted in terms of National Housing Policy. At present, these loans attract interest at 1% and 11,25% for buildings and infrastructure respectively and are repayable over 30 years. With the implementation of new legislation (MFMA and Housing Act 107 of 1997) no further loans have been awarded and the final loan repayments are scheduled for 2032. Examples of public organisations are: National War Memorial and Alta du Toit.

**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.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Sporting bodies	1 194	1 363	1 194	1 363
Housing land sales	1 026	1 104	1 026	1 104
	16 569	23 798	16 569	23 798
Public organisations	20 756	28 657	20 756	28 657
Provision for impairment	(4 187)	(4 859)	(4 187)	(4 859)
	100 297	108 454	100 297	108 454
Housing selling developments	178 591	200 655	178 591	200 655
Provision for impairment	(78 294)	(92 201)	(78 294)	(92 201)
	119 086	134 719	119 086	134 719
Current portion transferred to current receivables	(19 758)	(19 193)	(19 758)	(19 193)
<b>TOTAL</b>	<b>99 328</b>	<b>115 526</b>	<b>99 328</b>	<b>115 526</b>
<b>Reconciliation of impairment provision</b>				
Balance at beginning of the year	97 060	118 401	97 060	118 401
Contributions (from) provisions	(14 579)	(21 510)	(14 579)	(21 510)
Transfers to provisions	-	169	-	169
<b>Balance as at 30 June</b>	<b>82 481</b>	<b>97 060</b>	<b>82 481</b>	<b>97 060</b>

**8. INVENTORY**

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

**TOTAL**

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Consumable stores	207 628	197 484	206 251	196 099
Medical supplies	310	492	310	492
Spare parts and meters	22 634	14 351	22 634	14 351
Water	15 070	18 293	15 070	18 293
Other goods held for resale	8 743	3 549	8 743	3 549
Green-electricity rights	-	2 465	-	2 465
<b>TOTAL</b>	<b>254 385</b>	<b>236 634</b>	<b>253 008</b>	<b>235 249</b>

Inventory to the value of R5,40 million was scrapped during the year (2011: R1,24 million was scrapped). Inventories (excluding bulk water) that were recognised as issues during the year amounted to R840,19 million (2011: R659,04 million), of which a portion was capitalised. Green-electricity rights are rights to sell 'green' units at 'green' tariffs to consumers who request 'green' electricity.



## 9. RECEIVABLES

## Economic entity

	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 171 246	(3 414 293)	2 756 953	5 522 855	(3 068 454)	2 454 401
Service debtors	5 156 925	(2 640 642)	2 516 283	4 592 489	(2 334 751)	2 257 738
Housing rental stock	470 135	(419 818)	50 317	421 713	(377 366)	44 347
Housing selling stock	389 288	(343 309)	45 979	389 461	(347 178)	42 283
Other exchange debtors	154 898	(10 524)	144 374	119 192	(9 159)	110 033
<b>From non-exchange transactions</b>	1 987 952	(766 963)	1 220 989	1 999 025	(747 079)	1 251 946
Rates debtors	1 928 182	(734 060)	1 194 122	1 939 105	(712 937)	1 226 168
Other non-exchange debtors	59 770	(32 903)	26 867	59 920	(34 142)	25 778
<b>TOTAL</b>	<b>8 159 198</b>	<b>(4 181 256)</b>	<b>3 977 942</b>	<b>7 521 880</b>	<b>(3 815 533)</b>	<b>3 706 347</b>

Consumer debtors to the amount of R2,56 billion (2011: R1,47 billion) are only due after 30 days. Included in the outstanding balances are consumer debtors to the value of R634,76 million (2011: R497,97 million) who have made arrangements to repay their outstanding debt over a renegotiated period. As at 30 June 2012, the City's receivables balance included an amount of approximately R120,36 million (2011: R173 million) owed by National Government and the Provincial Government.

**Reconciliation of impairment provision**

Balance at beginning of the year  
Contributions to provisions  
Transfers (from)/to provisions  
Bad debts written off

**Balance as at 30 June**

2012	2011
R'000	R'000
3 815 533	3 299 430
803 015	785 503
(40)	3 292
(437 252)	(272 692)
<b>4 181 256</b>	<b>3 815 533</b>

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

As at 30 June 2012	Economic entity Analysis of receivables' age in days						
	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	1 173 436	801 427	103 708	39 641	(5 071)	107 584	126 147
Provision for impairment	(148 768)	(17 311)	(2 240)	(856)	110	(2 324)	(126 147)
	<b>1 024 668</b>	<b>784 116</b>	<b>101 468</b>	<b>38 785</b>	<b>(4 961)</b>	<b>105 260</b>	<b>-</b>
Water	2 470 316	371 358	11 459	75 677	89 868	484 636	1 437 318
Provision for impairment	(1 613 858)	(63 465)	(1 959)	(12 933)	(15 359)	(82 824)	(1 437 318)
	<b>856 458</b>	<b>307 893</b>	<b>9 500</b>	<b>62 744</b>	<b>74 509</b>	<b>401 812</b>	<b>-</b>
Waste management	426 645	93 148	4 168	14 187	15 853	84 303	214 986
Provision for impairment	(230 606)	(6 874)	(308)	(1 047)	(1 170)	(6 221)	(214 986)
	<b>196 039</b>	<b>86 274</b>	<b>3 860</b>	<b>13 140</b>	<b>14 683</b>	<b>78 082</b>	<b>-</b>
Wastewater management	1 086 528	224 820	(38 637)	41 093	48 588	230 265	580 399
Provision for impairment	(647 410)	(29 766)	5 116	(5 441)	(6 433)	(30 487)	(580 399)
	<b>439 118</b>	<b>195 054</b>	<b>(33 521)</b>	<b>35 652</b>	<b>42 155</b>	<b>199 778</b>	<b>-</b>
Housing rental stock	470 135	34 033	13 521	9 116	9 030	82 991	321 444
Provision for impairment	(419 818)	(22 516)	(8 946)	(6 031)	(5 974)	(54 907)	(321 444)
	<b>50 317</b>	<b>11 517</b>	<b>4 575</b>	<b>3 085</b>	<b>3 056</b>	<b>28 084</b>	<b>-</b>
Housing selling stock	389 288	35 447	7 026	2 659	2 526	36 518	305 112
Provision for impairment	(343 309)	(16 150)	(3 038)	(1 222)	(1 160)	(16 627)	(305 112)
	<b>45 979</b>	<b>19 297</b>	<b>3 988</b>	<b>1 437</b>	<b>1 366</b>	<b>19 891</b>	<b>-</b>
Other exchange debtors	154 898	260 869	(25 755)	(28 807)	(22 447)	(25 711)	(3 251)
Provision for impairment	(10 524)	(22 722)	2 243	2 509	1 955	2 240	3 251
	<b>144 374</b>	<b>238 147</b>	<b>(23 512)</b>	<b>(26 298)</b>	<b>(20 492)</b>	<b>(23 471)</b>	<b>-</b>
<b>Gross exchange debtors</b>	<b>6 171 246</b>	<b>1 821 102</b>	<b>75 490</b>	<b>153 566</b>	<b>138 347</b>	<b>1 000 586</b>	<b>2 982 155</b>
Provision for impairment	<b>(3 414 293)</b>	<b>(178 804)</b>	<b>(9 132)</b>	<b>(25 021)</b>	<b>(28 031)</b>	<b>(191 150)</b>	<b>(2 982 155)</b>
<b>From non-exchange transactions</b>							
Rates debtors	1 928 182	688 885	(6 195)	66 451	113 065	350 984	714 992
Provision for impairment	(734 060)	(10 836)	97	(1 043)	(1 775)	(5 511)	(714 992)
	<b>1 194 122</b>	<b>678 049</b>	<b>(6 098)</b>	<b>65 408</b>	<b>111 290</b>	<b>345 473</b>	<b>-</b>
Other non-exchange debtors	59 770	49 432	(29 541)	1 508	1 685	6 347	30 339
Provision for impairment	(32 903)	(4 306)	2 573	(131)	(147)	(553)	(30 339)
	<b>26 867</b>	<b>45 126</b>	<b>(26 968)</b>	<b>1 377</b>	<b>1 538</b>	<b>5 794</b>	<b>-</b>
<b>Gross non-exchange debtors</b>	<b>1 987 952</b>	<b>738 317</b>	<b>(35 736)</b>	<b>67 959</b>	<b>114 750</b>	<b>357 331</b>	<b>745 331</b>
Provision for impairment	<b>(766 963)</b>	<b>(15 142)</b>	<b>2 670</b>	<b>(1 174)</b>	<b>(1 922)</b>	<b>(6 064)</b>	<b>(745 331)</b>
<b>Gross debtors</b>	<b>8 159 198</b>	<b>2 559 419</b>	<b>39 754</b>	<b>221 525</b>	<b>253 097</b>	<b>1 357 917</b>	<b>3 727 486</b>
Total provision for impairment	<b>(4 181 256)</b>	<b>(193 946)</b>	<b>(6 462)</b>	<b>(26 195)</b>	<b>(29 953)</b>	<b>(197 214)</b>	<b>(3 727 486)</b>
<b>TOTAL</b>	<b>3 977 942</b>	<b>2 365 473</b>	<b>33 292</b>	<b>195 330</b>	<b>223 144</b>	<b>1 160 703</b>	<b>-</b>

		Economic entity					
		Analysis of 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	1 939 105	480 935	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>1 226 168</b>	<b>454 719</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>1 999 025</b>	<b>494 501</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>7 521 880</b>	<b>1 468 264</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>3 706 347</b>	<b>1 355 130</b>	<b>810 788</b>	<b>246 951</b>	<b>149 337</b>	<b>1 144 141</b>	-

## Municipality of Cape Town

	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 171 246	(3 414 293)	2 756 953	5 522 855	(3 068 454)	2 454 401
Service debtors	5 156 925	(2 640 642)	2 516 283	4 592 489	(2 334 751)	2 257 738
Housing rental stock	470 135	(419 818)	50 317	421 713	(377 366)	44 347
Housing selling stock	389 288	(343 309)	45 979	389 461	(347 178)	42 283
Other exchange debtors	154 898	(10 524)	144 374	119 192	(9 159)	110 033
<b>From non-exchange transactions</b>	1 989 266	(766 963)	1 222 303	2 001 789	(747 079)	1 254 710
Rates debtors	1 929 496	(734 060)	1 195 436	1 941 869	(712 937)	1 228 932
Other non-exchange debtors	59 770	(32 903)	26 867	59 920	(34 142)	25 778
<b>TOTAL</b>	<b>8 160 512</b>	<b>(4 181 256)</b>	<b>3 979 256</b>	<b>7 524 644</b>	<b>(3 815 533)</b>	<b>3 709 111</b>

2012	2011
R'000	R'000

**Reconciliation of impairment provision**

Balance at beginning of the year	3 815 533	3 299 430
Contributions to provisions	803 015	785 503
Transfers (from)/to provisions	(40)	3 292
Bad debts written off	(437 252)	(272 692)
<b>Balance as at 30 June</b>	<b>4 181 256</b>	<b>3 815 533</b>

**Municipality of Cape Town**  
**Analysis of receivables' age in days**

As at 30 June 2012	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	1 173 436	801 427	103 708	39 641	(5 071)	107 584	126 147
Provision for impairment	(148 768)	(17 311)	(2 240)	(856)	110	(2 324)	(126 147)
	<b>1 024 668</b>	<b>784 116</b>	<b>101 468</b>	<b>38 785</b>	<b>(4 961)</b>	<b>105 260</b>	<b>-</b>
Water	2 470 316	371 358	11 459	75 677	89 868	484 636	1 437 318
Provision for impairment	(1 613 858)	(63 465)	(1 959)	(12 933)	(15 359)	(82 824)	(1 437 318)
	<b>856 458</b>	<b>307 893</b>	<b>9 500</b>	<b>62 744</b>	<b>74 509</b>	<b>401 812</b>	<b>-</b>
Waste management	426 645	93 148	4 168	14 187	15 853	84 303	214 986
Provision for impairment	(230 606)	(6 874)	(308)	(1 047)	(1 170)	(6 221)	(214 986)
	<b>196 039</b>	<b>86 274</b>	<b>3 860</b>	<b>13 140</b>	<b>14 683</b>	<b>78 082</b>	<b>-</b>
Wastewater management	1 086 528	224 820	(38 637)	41 093	48 588	230 265	580 399
Provision for impairment	(647 410)	(29 766)	5 116	(5 441)	(6 433)	(30 487)	(580 399)
	<b>439 118</b>	<b>195 054</b>	<b>(33 521)</b>	<b>35 652</b>	<b>42 155</b>	<b>199 778</b>	<b>-</b>
Housing rental stock	470 135	34 033	13 521	9 116	9 030	82 991	321 444
Provision for impairment	(419 818)	(22 516)	(8 946)	(6 031)	(5 974)	(54 907)	(321 444)
	<b>50 317</b>	<b>11 517</b>	<b>4 575</b>	<b>3 085</b>	<b>3 056</b>	<b>28 084</b>	<b>-</b>
Housing selling stock	389 288	35 447	7 026	2 659	2 526	36 518	305 112
Provision for impairment	(343 309)	(16 150)	(3 038)	(1 222)	(1 160)	(16 627)	(305 112)
	<b>45 979</b>	<b>19 297</b>	<b>3 988</b>	<b>1 437</b>	<b>1 366</b>	<b>19 891</b>	<b>-</b>
Other exchange debtors	154 898	260 869	(25 755)	(28 807)	(22 447)	(25 711)	(3 251)
Provision for impairment	(10 524)	(22 722)	2 243	2 509	1 955	2 240	3 251
	<b>144 374</b>	<b>238 147</b>	<b>(23 512)</b>	<b>(26 298)</b>	<b>(20 492)</b>	<b>(23 471)</b>	<b>-</b>
<b>Gross exchange debtors</b>	<b>6 171 246</b>	<b>1 821 102</b>	<b>75 490</b>	<b>153 566</b>	<b>138 347</b>	<b>1 000 586</b>	<b>2 982 155</b>
Provision for impairment	<b>(3 414 293)</b>	<b>(178 804)</b>	<b>(9 132)</b>	<b>(25 021)</b>	<b>(28 031)</b>	<b>(191 150)</b>	<b>(2 982 155)</b>
<b>From non-exchange transactions</b>							
Rates debtors	1 929 496	690 199	(6 195)	66 451	113 065	350 984	714 992
Provision for impairment	(734 060)	(10 836)	97	(1 043)	(1 775)	(5 511)	(714 992)
	<b>1 195 436</b>	<b>679 363</b>	<b>(6 098)</b>	<b>65 408</b>	<b>111 290</b>	<b>345 473</b>	<b>-</b>
Other non-exchange debtors	59 770	49 432	(29 541)	1 508	1 685	6 347	30 339
Provision for impairment	(32 903)	(4 306)	2 573	(131)	(147)	(553)	(30 339)
	<b>26 867</b>	<b>45 126</b>	<b>(26 968)</b>	<b>1 377</b>	<b>1 538</b>	<b>5 794</b>	<b>-</b>
<b>Gross non-exchange debtors</b>	<b>1 989 266</b>	<b>739 631</b>	<b>(35 736)</b>	<b>67 959</b>	<b>114 750</b>	<b>357 331</b>	<b>745 331</b>
Provision for impairment	<b>(766 963)</b>	<b>(15 142)</b>	<b>2 670</b>	<b>(1 174)</b>	<b>(1 922)</b>	<b>(6 064)</b>	<b>(745 331)</b>
<b>Gross debtors</b>	<b>8 160 512</b>	<b>2 560 733</b>	<b>39 754</b>	<b>221 525</b>	<b>253 097</b>	<b>1 357 917</b>	<b>3 727 486</b>
Total provision for impairment	<b>(4 181 256)</b>	<b>(193 946)</b>	<b>(6 462)</b>	<b>(26 195)</b>	<b>(29 953)</b>	<b>(197 214)</b>	<b>(3 727 486)</b>
<b>TOTAL</b>	<b>3 979 256</b>	<b>2 366 787</b>	<b>33 292</b>	<b>195 330</b>	<b>223 144</b>	<b>1 160 703</b>	<b>-</b>

## Analysis of 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>
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>	-

## 10. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	216 037	(48 137)	167 900	157 944	(61 316)	96 628
Payments made in advance	2 273	-	2 273	1 034	-	1 034
Property rentals	71 678	(38 354)	33 324	55 808	(54 527)	1 281
Other exchange debtors	142 086	(9 783)	132 303	101 102	(6 789)	94 313
<b>From non-exchange transactions</b>	157 837	-	157 837	107 455	-	107 455
Government subsidies	106 883	-	106 883	35 723	-	35 723
Other non-exchange debtors	50 954	-	50 954	71 732	-	71 732
<b>TOTAL</b>	<b>373 874</b>	<b>(48 137)</b>	<b>325 737</b>	<b>265 399</b>	<b>(61 316)</b>	<b>204 083</b>

Included in other exchange debtors is an amount of R24,80 million (2011: R2,61 million) for VAT owed by SARS.

**Reconciliation of impairment provision**

Balance at beginning of the year  
Contributions (from)/to provision  
Transfer (from) provisions  
Bad debts written off

**Balance as at 30 June**

	2012 R'000	2011 R'000
	61 316	54 369
	(13 059)	10 509
	-	(3 562)
	(120)	-
<b>Balance as at 30 June</b>	<b>48 137</b>	<b>61 316</b>

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

	Economic entity						
	Analysis of other receivables' age in days						
	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>As at 30 June 2012</b>							
<b>From exchange transactions</b>							
Payments made in advance	2 273	2 273	-	-	-	-	-
	<b>2 273</b>	<b>2 273</b>	-	-	-	-	-
Property rentals	71 678	5 397	15 449	2 446	2 455	12 443	33 488
Provision for impairment	(38 354)	(987)	(729)	(444)	(446)	(2 260)	(33 488)
	<b>33 324</b>	<b>4 410</b>	<b>14 720</b>	<b>2 002</b>	<b>2 009</b>	<b>10 183</b>	-
Other exchange debtors	142 086	119 788	9 081	300	440	5 245	7 232
Provision for impairment	(9 783)	(52)	(2 323)	(1)	(9)	(166)	(7 232)
	<b>132 303</b>	<b>119 736</b>	<b>6 758</b>	<b>299</b>	<b>431</b>	<b>5 079</b>	-
<b>Gross exchange debtors</b>	<b>216 037</b>	<b>127 458</b>	<b>24 530</b>	<b>2 746</b>	<b>2 895</b>	<b>17 688</b>	<b>40 720</b>
Provision for impairment	<b>(48 137)</b>	<b>(1 039)</b>	<b>(3 052)</b>	<b>(445)</b>	<b>(455)</b>	<b>(2 426)</b>	<b>(40 720)</b>
<b>From non-exchange transactions</b>							
Government subsidies	106 883	106 883	-	-	-	-	-
Other non-exchange debtors	50 954	50 954	-	-	-	-	-
<b>Gross non-exchange debtors</b>	<b>157 837</b>	<b>157 837</b>	-	-	-	-	-
<b>Gross debtors</b>	<b>373 874</b>	<b>285 295</b>	<b>24 530</b>	<b>2 746</b>	<b>2 895</b>	<b>17 688</b>	<b>40 720</b>
Total provision for impairment	<b>(48 137)</b>	<b>(1 039)</b>	<b>(3 052)</b>	<b>(445)</b>	<b>(455)</b>	<b>(2 426)</b>	<b>(40 720)</b>
<b>TOTAL</b>	<b>325 737</b>	<b>284 256</b>	<b>21 478</b>	<b>2 301</b>	<b>2 440</b>	<b>15 262</b>	-



		Economic entity						
		Analysis of other 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>								
Payments made in advance		1 034	1 034	-	-	-	-	-
		<b>1 034</b>	<b>1 034</b>	-	-	-	-	-
Property rentals		55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment		(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		101 102	79 298	9 872	124	189	5 811	5 808
Provision for impairment		(6 789)	(1)	(109)	(12)	(13)	(846)	(5 808)
		<b>94 313</b>	<b>79 297</b>	<b>9 763</b>	<b>112</b>	<b>176</b>	<b>4 965</b>	-
<b>Gross exchange debtors</b>		<b>157 944</b>	<b>84 076</b>	<b>17 696</b>	<b>2 005</b>	<b>1 537</b>	<b>(7 627)</b>	<b>60 257</b>
Provision for impairment		<b>(61 316)</b>	<b>(2 464)</b>	<b>(7 933)</b>	<b>(1 893)</b>	<b>(1 361)</b>	<b>12 592</b>	<b>(60 257)</b>
<b>From non-exchange transactions</b>								
Government subsidies		35 723	24 225	6 047	1 206	375	3 870	-
Other non-exchange debtors		71 732	71 732	-	-	-	-	-
		<b>107 455</b>	<b>95 957</b>	<b>6 047</b>	<b>1 206</b>	<b>375</b>	<b>3 870</b>	-
<b>Gross non-exchange debtors</b>		<b>107 455</b>	<b>95 957</b>	<b>6 047</b>	<b>1 206</b>	<b>375</b>	<b>3 870</b>	-
<b>Gross debtors</b>		<b>265 399</b>	<b>180 033</b>	<b>23 743</b>	<b>3 211</b>	<b>1 912</b>	<b>(3 757)</b>	<b>60 257</b>
Total provision for impairment		<b>(61 316)</b>	<b>(2 464)</b>	<b>(7 933)</b>	<b>(1 893)</b>	<b>(1 361)</b>	<b>12 592</b>	<b>(60 257)</b>
<b>TOTAL</b>		<b>204 083</b>	<b>177 569</b>	<b>15 810</b>	<b>1 318</b>	<b>551</b>	<b>8 835</b>	-

		Municipality of Cape Town					
		As at 30 June 2012			As at 30 June 2011		
		Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>		206 261	(45 799)	160 462	147 453	(60 649)	86 804
Payments made in advance		497	-	497	130	-	130
Property rentals		71 678	(38 354)	33 324	55 808	(54 527)	1 281
Other exchange debtors		134 086	(7 445)	126 641	91 515	(6 122)	85 393
<b>From non-exchange transactions</b>		157 837	-	157 837	107 455	-	107 455
Government subsidies		106 883	-	106 883	35 723	-	35 723
Other non-exchange debtors		50 954	-	50 954	71 732	-	71 732
<b>TOTAL</b>		<b>364 098</b>	<b>(45 799)</b>	<b>318 299</b>	<b>254 908</b>	<b>(60 649)</b>	<b>194 259</b>

		2012 R'000	2011 R'000
<b>Reconciliation of impairment provision</b>			
Balance at beginning of the year		60 649	50 749
Contributions (from)/to provisions		(14 730)	9 900
Transfers to provisions		(120)	-
<b>Balance as at 30 June</b>		<b>45 799</b>	<b>60 649</b>

**Municipality of Cape Town**  
**Analysis of other receivables' age in days**

As at 30 June 2012	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>							
Payments made in advance	497	497	-	-	-	-	-
	<b>497</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property rentals	71 678	5 397	15 449	2 446	2 455	12 443	33 488
Provision for impairment	(38 354)	(987)	(729)	(444)	(446)	(2 260)	(33 488)
	<b>33 324</b>	<b>4 410</b>	<b>14 720</b>	<b>2 002</b>	<b>2 009</b>	<b>10 183</b>	<b>-</b>
Other exchange debtors	134 086	119 788	4 229	92	123	2 622	7 232
Provision for impairment	(7 445)	(52)	15	(1)	(9)	(166)	(7 232)
	<b>126 641</b>	<b>119 736</b>	<b>4 244</b>	<b>91</b>	<b>114</b>	<b>2 456</b>	<b>-</b>
<b>Gross exchange debtors</b>	<b>206 261</b>	<b>125 682</b>	<b>19 678</b>	<b>2 538</b>	<b>2 578</b>	<b>15 065</b>	<b>40 720</b>
Provision for impairment	<b>(45 799)</b>	<b>(1 039)</b>	<b>(714)</b>	<b>(445)</b>	<b>(455)</b>	<b>(2 426)</b>	<b>(40 720)</b>
<b>From non-exchange transactions</b>							
Government subsidies	106 883	106 883	-	-	-	-	-
Other non-exchange debtors	50 954	50 954	-	-	-	-	-
<b>Gross non-exchange debtors</b>	<b>157 837</b>	<b>157 837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross debtors</b>	<b>364 098</b>	<b>283 519</b>	<b>19 678</b>	<b>2 538</b>	<b>2 578</b>	<b>15 065</b>	<b>40 720</b>
Total provision for impairment	<b>(45 799)</b>	<b>(1 039)</b>	<b>(714)</b>	<b>(445)</b>	<b>(455)</b>	<b>(2 426)</b>	<b>(40 720)</b>
<b>TOTAL</b>	<b>318 299</b>	<b>282 480</b>	<b>18 964</b>	<b>2 093</b>	<b>2 123</b>	<b>12 639</b>	<b>-</b>

**Analysis of other 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>							
Payments made in advance	130	130	-	-	-	-	-
	<b>130</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property rentals	55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment	(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
	<b>1 281</b>	<b>1 281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other exchange debtors	91 515	79 747	3 758	167	221	1 814	5 808
Provision for impairment	(6 122)	(1)	(45)	(12)	(13)	(243)	(5 808)
	<b>85 393</b>	<b>79 746</b>	<b>3 713</b>	<b>155</b>	<b>208</b>	<b>1 571</b>	<b>-</b>
<b>Gross exchange debtors</b>	<b>147 453</b>	<b>83 621</b>	<b>11 582</b>	<b>2 048</b>	<b>1 569</b>	<b>(11 624)</b>	<b>60 257</b>
Provision for impairment	<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>
<b>From non-exchange transactions</b>							
Government subsidies	35 723	24 225	6 047	1 206	375	3 870	-
Other non-exchange debtors	71 732	71 732	-	-	-	-	-
<b>Gross non-exchange debtors</b>	<b>107 455</b>	<b>95 957</b>	<b>6 047</b>	<b>1 206</b>	<b>375</b>	<b>3 870</b>	<b>-</b>
<b>Gross debtors</b>	<b>254 908</b>	<b>179 578</b>	<b>17 629</b>	<b>3 254</b>	<b>1 944</b>	<b>(7 754)</b>	<b>60 257</b>
Total provision for impairment	<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>
<b>TOTAL</b>	<b>194 259</b>	<b>177 114</b>	<b>9 760</b>	<b>1 361</b>	<b>583</b>	<b>5 441</b>	<b>-</b>

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>11. CASH AND CASH EQUIVALENTS (BANK AND CASH)</b>				
Bank balance	125 939	148 803	98 651	116 877
ABSA - Primary bank account 40-5658-4470	97 705	116 867	97 705	116 867
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 account 5435522023983015	946	10	946	10
Other - Subsidiaries	27 288	31 926	-	-
Year-end accruals	(246)	(194)	(246)	(194)
Interest accrual	275	291	275	291
Bank charges accrual	(521)	(485)	(521)	(485)
	<b>125 693</b>	<b>148 609</b>	<b>98 405</b>	<b>116 683</b>
Cash on hand and in transit	35 177	29 500	35 100	29 412
Call and short-term deposits – see note 6	1 608 613	1 584 284	1 482 277	1 463 426
<b>Amortised cost</b>	<b>1 769 483</b>	<b>1 762 393</b>	<b>1 615 782</b>	<b>1 609 521</b>
Call and short-term deposits – see note 6	1 712 050	1 541 736	1 712 050	1 541 736
<b>Fair value</b>	<b>1 712 050</b>	<b>1 541 736</b>	<b>1 712 050</b>	<b>1 541 736</b>
<b>TOTAL</b>	<b>3 481 533</b>	<b>3 304 129</b>	<b>3 327 832</b>	<b>3 151 257</b>

Subsidiaries have separate bank accounts that are not listed separately.

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

## 12. LONG-TERM BORROWINGS

Local registered stock loans	4 279 186	4 278 903	4 279 186	4 278 903
Concessionary loans	27 392	30 357	27 392	30 357
Other loans	1 182 556	1 292 753	1 164 029	1 273 648
Finance leases	-	66 281	-	66 281
Subtotal – see Appendix A for more details	5 489 134	5 668 294	5 470 607	5 649 189
Current portion transferred to current liabilities	(296 142)	(306 896)	(294 186)	(305 353)
<b>TOTAL</b>	<b>5 192 992</b>	<b>5 361 398</b>	<b>5 176 421</b>	<b>5 343 836</b>

A total of R641,65 million (2011: R477,00 million) has been ring-fenced for the repayment of long-term liabilities – see note 6 and 41 for more details.

### LOCAL REGISTERED STOCK

#### ABSA Investor Services

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

In terms of the Entity's domestic medium term note (DMTN) programme registered on the JSE unsecured bonds totalling R4,20 billion are 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 off-set against the proceeds thereof, and are being written off over the periods of the respective bonds. Sinking funds have been established for the repayment of the bonds.

<b>4 279 186</b>	<b>4 278 903</b>	<b>4 279 186</b>	<b>4 278 903</b>
7 047	7 047	7 047	7 047
4 272 139	4 271 856	4 272 139	4 271 856

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>CONCESSIONARY LOANS</b>	<b>27 392</b>	<b>30 357</b>	<b>27 392</b>	<b>30 357</b>
<b>Development Bank of Southern Africa (DBSA)</b>				
An 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.	27 376	30 343	27 376	30 343
<b>Nedcor Bank</b>				
An unsecured fixed-rate loan, interest payable annually, and loan capital repayable on 31 August 2019.	16	14	16	14
<b>OTHER LOANS</b>	<b>1 182 556</b>	<b>1 292 753</b>	<b>1 164 029</b>	<b>1 273 648</b>
<b>Development Bank of Southern Africa (DBSA)</b>				
Unsecured fixed-interest loans, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemptions, ranging from 30 June 2015 to 31 December 2022.	683 284	731 991	683 284	731 991
<b>FirstRand Bank</b>				
A structured 15-year loan to the value of R220 million of which, R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20 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.	176 329	183 268	176 329	183 268
As part of the loan structure, the Entity purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the policies and any other debt liability.				
<b>FirstRand Bank</b>				
A structured 15-year loan to the value of R150 million, repayable semi-annually in equal instalments of capital and fixed interest.	20 625	41 643	20 625	41 643
As part of the loan structure, the Entity entered into a loan-and-leaseback agreement. The Entity leased moveable electricity assets with a market value of R150 million to FirstRand Bank for 20 years. Rental was payable in three instalments from 1998 to 2000, with a nominal annual rental thereafter. The rentals have been payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable out of the deposit account from 2003 to 2013, which will reduce to zero on 30 June 2013. The Entity 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.				
The loan is secured by items of plant, to the carrying value of R15,83 million (2011: R20,89 million).				

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**ABSA Bank**

An 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.

120 000	140 000	120 000	140 000
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**FirstRand Bank**

A structured 15-year loan to the value of R300 million, 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.

163 791	176 746	163 791	176 746
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As part of the loan structure, the Entity 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 Entity to Momentum, later sold on to FirstRand Bank and Future Growth. 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 Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the put-option agreement and any other debt liability.

**DBSA – Claremont Road Bypass Company**

Interest is charged at a nominal fixed rate of R186 plus 154 basis points per annum.

Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009.

Secured by an agreement of cession from Claremont CID Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement.

The cedent, the company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.

17 706	18 621	-	-
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**Loans from members – Zwaanswyk CID**

The loans bear interest at 9% and are payable by 30 June 2014.

431	-	-	-
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**Standard Bank Ltd – Epping CID**

The average lease term is three years, and the average effective borrowing rate was 12,79%.

Interest rates are fixed at the contract date. All leases have fixed repayments, and no arrangements have been entered into for contingent rent.

The Entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

390	484	-	-
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Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**FINANCE LEASES****Nedbank**

A sale-and-leaseback, structured 15-year loan to the value of R55,30 million was funded by Nedbank through an infrastructure trust. Lease rentals equated to fixed-rate interest were payable semi-annually over 15 years; a bullet rental amount of R55,30 million was paid on 3 January 2012 out of the proceeds of a sinking fund in settlement of the loan. The Entity deposited equal amounts with Nedbank semi-annually, which, together with compounded interest over 15 years, equated to the original loan capital. The Entity ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital.

-	66 281	-	66 281
-	61 997	-	61 997

**Investec**

A sale-and-leaseback, structured 15-year loan to the value of R54,80 million was funded by Investec Bank. Lease rentals equated to loan fixed-rate interest plus capital was payable semi-annually over 15 years. Investec granted the Entity the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The Entity deposited with Investec an amount, which, together with compound interest, equated to the option price paid on 31 December 2011. The Entity ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.

-	4 284	-	4 284
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**TOTAL** – see Appendix A for more details

<b>5 489 134</b>	<b>5 668 294</b>	<b>5 470 607</b>	<b>5 649 189</b>
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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 admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretation of, the Income Tax Act (Act 58 of 1962) or any other relevant legislation that affects 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.

**SHORT-TERM DEBT FACILITIES**

The Municipality had the following short-term debt facilities with the Entity's main banker:

	2012	2011
	R'000	R'000
Performance guarantee and/or letter of credit	15 000	15 000
Business travel card	2 000	2 000
Daylight limit	1 000 000	1 000 000
Business credit card	50	50

The short-term debt facilities are reviewed annually and can be explained as follows:

**Performance guarantee and/or letters of credit**

A guarantee issued by the bank is an undertaking, that should the Entity fail to fulfil its obligations in terms of a contract or an agreement, the bank will pay specific amounts as stated on the guarantee. The monies are due and payable on the written demand from the beneficiary.

**Business Credit Card/Travel Card**

A card issued by the bank enables the Entity to obtain goods and services on credit. It entails moneys lent and advanced.

**Daylight limit**

A daylight limit is a facility that enables the Entity to transact even if there are insufficient funds during that particular day. It entails moneys lent and advanced during that day, provided it is settled by the end of that business day.

## 13. PROVISIONS (NON-CURRENT)

	Economic entity				Total R'000
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement medical aid benefits R'000	Post-retirement pension benefits R'000	
<b>As at 30 June 2012</b>					
Balance at the beginning of the year	312 294	342 871	2 841 340	15 832	3 512 337
Interest cost	26 905	35 350	254 270	1 536	318 061
Service cost	39 775	(74 882)	79 194	651	44 738
Benefit payments	(40 927)	-	(126 316)	(1 505)	(168 748)
Actuarial losses/(gains)	37 535	-	376 394	(1 475)	412 454
Transferred from current provisions (prior year)	37 489	32 000	141 553	1 965	213 007
	413 071	335 339	3 566 435	17 004	4 331 849
Transfer to current provision	(36 256)	(6 500)	(211 176)	(1 716)	(255 648)
<b>TOTAL</b>	<b>376 815</b>	<b>328 839</b>	<b>3 355 259</b>	<b>15 288</b>	<b>4 076 201</b>

	Municipality of Cape Town				Total R'000
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement medical aid benefits R'000	Post-retirement pension benefits R'000	
<b>As at 30 June 2012</b>					
Balance at the beginning of the year	312 294	342 871	2 841 340	15 832	3 512 337
Interest cost	26 905	35 350	254 270	1 536	318 061
Service cost	39 775	(74 882)	79 194	651	44 738
Benefit payments	(40 927)	-	(126 316)	(1 505)	(168 748)
Actuarial losses/(gains)	37 535	-	376 394	(1 475)	412 454
Transferred from current provisions (prior year)	37 489	32 000	141 553	1 965	213 007
	413 071	335 339	3 566 435	17 004	4 331 849
Transfer to current provision	(36 256)	(6 500)	(211 176)	(1 716)	(255 648)
<b>TOTAL</b>	<b>376 815</b>	<b>328 839</b>	<b>3 355 259</b>	<b>15 288</b>	<b>4 076 201</b>

**Long-service leave benefits**

An actuarial valuation has been performed of the Entity'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 2012 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 6,28% (2011: 8,16%) per annum has been used.

2012	2011
%	%

**Key financial assumptions**

Discount rate	6,3	8,2
General inflation rate (consumer price index)	5,9	6,3
Salary increase	5,0	6,5

**Environmental rehabilitation**

Provision is made in terms of the Entity'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 5,2% (2011: 5,6%) and discounted to present value at the average borrowing cost of 10,59% (2011: 10,97%) – hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2011 and 2025.

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

An actuarial valuation has been performed of the Entity's liability in respect of benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – see note 48 for more details.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>14. DEPOSITS</b>				
Electricity and water	272 795	233 248	272 795	233 248
Other deposits	18 646	11 447	2 149	244
<b>TOTAL</b>	<b>291 441</b>	<b>244 695</b>	<b>274 944</b>	<b>233 492</b>

Guarantees held in lieu of electricity and water deposits were R38,60 million (2011: R29,26 million). Deposits are released when the owner/occupant of a property terminates the contract with the Entity to supply water and electricity to the property, or when certain contractual services are delivered.

**15. PROVISIONS (CURRENT)**

	Economic entity				
	Opening balance 2012	Raised from statement of financial performance	Reversed to statement of financial performance	Transfers from non-current	Closing balance 2012
	R'000	R'000	R'000	R'000	R'000
Other provisions	149 217	223 132	(45 807)	-	326 542
Insurance claims	4 986	8 976	(4 986)	-	8 976
Post-retirement benefits	143 518	-	(143 518)	212 892	212 892
Legal fees	2 003	-	(2 003)	-	-
Environmental rehabilitation	32 000	-	(32 000)	6 500	6 500
Leave benefits	443 192	28 908	(37 489)	36 256	470 867
	2 468	3 068	(2 468)	-	3 068
<b>TOTAL</b>	<b>777 384</b>	<b>264 084</b>	<b>(268 271)</b>	<b>255 648</b>	<b>1 028 845</b>

	Municipality of Cape Town				
	Opening balance 2012	Raised from statement of financial performance	Reversed to statement of financial performance	Transfers from non-current	Closing balance 2012
	R'000	R'000	R'000	R'000	R'000
Other provisions	149 212	223 132	(45 802)	-	326 542
Insurance claims	4 986	8 976	(4 986)	-	8 976
Post-retirement benefits	143 518	-	(143 518)	212 892	212 892
Legal fees	2 003	-	(2 003)	-	-
Environmental rehabilitation	32 000	-	(32 000)	6 500	6 500
Leave benefits	443 192	28 908	(37 489)	36 256	470 867
<b>TOTAL</b>	<b>774 911</b>	<b>261 016</b>	<b>(265 798)</b>	<b>255 648</b>	<b>1 025 777</b>

**Insurance and COID claims**

Provision has been made for outstanding insurance claims as at 30 June 2012, 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 the Entity 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.

**Performance bonuses**

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance. The provision is an estimate of the amount due to staff in the service of CTICC at the reporting date.



**16. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade creditors	2 599 475	2 170 658	2 589 119	2 152 151
Payments received in advance	800 480	785 846	800 480	785 846
Inter-company advances	69 746	76 489	69 746	76 489
Third-party payments	238 908	215 034	238 908	215 034
Other creditors	90 885	108 151	84 900	92 397
<b>TOTAL</b>	<b>3 799 494</b>	<b>3 356 178</b>	<b>3 783 153</b>	<b>3 321 917</b>

Guarantees held in lieu of retentions were R219,74 million (2011: R662,24 million).

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions which are settled in terms of the contract agreement.

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**

Municipal infrastructure grant	-	63 547	-	63 547
National Government	1 378 915	586 486	1 378 915	586 486
Provincial Government of the Western Cape	224 906	390 963	224 906	390 963

**Other conditional receipts**

Public contributions	61 931	67 684	61 931	67 684
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**TOTAL**

These amounts are separately invested in terms of section 12 of the Municipal Finance Management Act. See note 28 and 29 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 IRT system.

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

**18. VAT**

VAT payable	420 687	435 785	420 687	435 785
Impairment	(117 610)	(162 354)	(117 610)	(162 354)
VAT receivable	(245 321)	(216 063)	(245 321)	(216 063)
<b>TOTAL</b>	<b>57 756</b>	<b>57 368</b>	<b>57 756</b>	<b>57 368</b>

The City of Cape Town is registered for VAT on the payment basis. The VAT liability was impaired as a result of an impairment against debtors.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
2 599 475	2 170 658	2 589 119	2 152 151
800 480	785 846	800 480	785 846
69 746	76 489	69 746	76 489
238 908	215 034	238 908	215 034
90 885	108 151	84 900	92 397
<b>3 799 494</b>	<b>3 356 178</b>	<b>3 783 153</b>	<b>3 321 917</b>

1 603 821	1 040 996	1 603 821	1 040 996
-	63 547	-	63 547
1 378 915	586 486	1 378 915	586 486
224 906	390 963	224 906	390 963
<b>61 931</b>	<b>67 684</b>	<b>61 931</b>	<b>67 684</b>
61 931	67 684	61 931	67 684
<b>1 665 752</b>	<b>1 108 680</b>	<b>1 665 752</b>	<b>1 108 680</b>

303 077	273 431	303 077	273 431
420 687	435 785	420 687	435 785
(117 610)	(162 354)	(117 610)	(162 354)
(245 321)	(216 063)	(245 321)	(216 063)
<b>57 756</b>	<b>57 368</b>	<b>57 756</b>	<b>57 368</b>

	Economic entity		Municipality of Cape Town	
	2012	2011	2010	2011
	R'000	R'000	R'000	R'000
<b>19. HOUSING DEVELOPMENT FUND</b>				
<b>Realised housing proceeds</b>				
Balance at beginning of the year	406 818	397 648	406 818	397 648
Income	47 781	54 437	47 781	54 437
Land sales	6 513	2 917	6 513	2 917
Repayments long-term debtors	29 775	31 342	29 775	31 342
Repayments public organisations	2 031	3 024	2 031	3 024
Service contributions	5 321	5 591	5 321	5 591
Subsidy refunds and other	4 141	11 563	4 141	11 563
Interest	19 912	21 761	19 912	21 761
Expenditure	(55 333)	(51 055)	(55 333)	(51 055)
Funding capital projects	(8 519)	(22 855)	(8 519)	(22 855)
Funding operating projects	(46 814)	(28 200)	(46 814)	(28 200)
Non-cash transfer to provision for impairment	(14 581)	(15 973)	(14 581)	(15 973)
<b>Balance at end of the year</b>	<b>404 597</b>	<b>406 818</b>	<b>404 597</b>	<b>406 818</b>
<b>Unrealised housing proceeds</b>				
Balance at beginning of the year	132 252	133 824	132 252	133 824
Loans realised	(29 963)	(22 914)	(29 963)	(22 914)
Long-term housing loans	(22 063)	(21 395)	(22 063)	(21 395)
Long-term loans public organisations	(7 900)	(1 519)	(7 900)	(1 519)
Transfer to impairment provision – long-term selling schemes	13 906	21 510	13 906	21 510
Transfer to impairment provision – long-term public organisations	671	(168)	671	(168)
<b>Balance at end of the year</b>	<b>116 866</b>	<b>132 252</b>	<b>116 866</b>	<b>132 252</b>
<b>TOTAL</b>	<b>521 463</b>	<b>539 070</b>	<b>521 463</b>	<b>539 070</b>
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors loan agreement.				
<b>20. RESERVES</b>				
Capital replacement reserve	1 274 073	1 186 371	1 274 073	1 186 371
Insurance reserve	496 182	585 163	496 182	585 163
Self-insurance reserve	438 556	534 055	438 556	534 055
COVID reserve	57 626	51 108	57 626	51 108
<b>TOTAL</b>	<b>1 770 255</b>	<b>1 771 534</b>	<b>1 770 255</b>	<b>1 771 534</b>
The CRR and the self-insurance reserve are fully funded and invested in ringfenced financial instruments.				
<b>21. ACCUMULATED SURPLUS</b>				
Accumulated surplus	<b>17 014 410</b>	<b>14 468 763</b>	<b>16 908 172</b>	<b>14 369 652</b>
Receipts from acquired grant-funded assets to the value of R12,23 billion (2011: R10,57 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.				
<b>22. NON-CONTROLLING INTEREST</b>				
Balance at beginning of the year	132 444	133 604		
Share of net surplus attributable to non-controlling interest	3 326	(1 160)		
<b>TOTAL</b>	<b>135 770</b>	<b>132 444</b>		
<b>23. SERVICE CHARGES</b>				
Sale of electricity	8 052 945	6 807 930	8 061 911	6 815 178
Sale of water	1 816 317	1 648 459	1 817 183	1 649 307
Waste management (solid waste)	710 609	651 966	710 609	651 966
Wastewater management (sewerage and sanitation)	1 002 897	903 205	1 002 897	903 205
Other	530 116	481 993	394 165	340 071
<b>TOTAL</b>	<b>12 112 884</b>	<b>10 493 553</b>	<b>11 986 765</b>	<b>10 359 727</b>

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>24. RENTAL OF LETTING STOCK AND FACILITIES</b>				
Rental agreements	300 369	246 658	300 369	246 658
Hire/rentals	36 037	37 006	36 037	37 006
	<u>336 406</u>	<u>283 664</u>	<u>336 406</u>	<u>283 664</u>
Income forgone*	(34 320)	(33 348)	(34 320)	(33 348)
<b>TOTAL</b>	<b>302 086</b>	<b>250 316</b>	<b>302 086</b>	<b>250 316</b>
<b>25. FINANCE INCOME</b>				
Interest receivable – external investments	442 416	343 704	434 195	335 217
Interest transferred to external funds (conditional grants)	(102 446)	(50 404)	(102 446)	(50 404)
	<u>339 970</u>	<u>293 300</u>	<u>331 749</u>	<u>284 813</u>
Interest receivable – outstanding debtors	228 425	230 391	228 425	230 391
<b>Net finance income</b>	<u>568 395</u>	<u>523 691</u>	<u>560 174</u>	<u>515 204</u>
Gains on foreign-exchange transactions	44	32	44	-
Gains on valuation of investments	1 543	6 866	1 543	6 866
<b>TOTAL</b>	<b>569 982</b>	<b>530 589</b>	<b>561 761</b>	<b>522 070</b>
<b>26. OTHER INCOME</b>				
<b>Exchange transactions</b>	331 513	253 906	234 803	165 380
Insurance recoveries	2 621	1 098	2 322	1 093
Bulk infrastructure levies	56 426	54 926	56 426	54 926
Skills development levy	23 272	22 195	23 272	22 195
City improvement districts	89 508	81 409	-	-
Other income	159 686	94 278	152 783	87 166
<b>Non-exchange transactions</b>				
City improvement districts	-	-	89 508	81 409
<b>TOTAL</b>	<b>331 513</b>	<b>253 906</b>	<b>324 311</b>	<b>246 789</b>
<b>27. PROPERTY RATES</b>				
<b>Actual</b>				
Residential	}	}	}	}
Commercial				
State				
Penalties				
	<u>5 514 246</u>	<u>5 272 137</u>	<u>5 519 703</u>	<u>5 277 706</u>
Income forgone*	89 657	94 168	89 657	94 168
	<u>5 603 903</u>	<u>5 366 305</u>	<u>5 609 360</u>	<u>5 371 874</u>
<b>TOTAL</b>	<b>4 706 641</b>	<b>4 524 363</b>	<b>4 712 098</b>	<b>4 529 932</b>
Exempt properties are excluded from the property rates valuation.				
<b>Valuations</b>				
Rateable properties	764 031 600	772 100 106	764 031 600	772 100 106
Non-rateable properties	25 790 827	25 648 841	25 790 827	25 648 841
<b>Total property valuations</b>	<b>789 822 427</b>	<b>797 748 947</b>	<b>789 822 427</b>	<b>797 748 947</b>
<b>Valuations as at July</b>				
Residential	534 173 358	549 409 889	534 173 358	549 409 889
Commercial	180 500 237	172 957 965	180 500 237	172 957 965
Agriculture	8 777 516	8 784 443	8 777 516	8 784 443
State	42 076 739	42 907 205	42 076 739	42 907 205
Municipal	24 294 577	23 689 445	24 294 577	23 689 445
<b>Total property valuations</b>	<b>789 822 427</b>	<b>797 748 947</b>	<b>789 822 427</b>	<b>797 748 947</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 the 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 are payable monthly. Interest is raised monthly on accounts in arrears at prime plus 1% per annum.

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

**28. GOVERNMENT GRANTS AND SUBSIDIES****Unconditional grants**

Equitable share  
Other

**Conditional grants**

Municipal infrastructure grant (MIG)  
Provincial health subsidies  
Provincial: Other  
Cape Metropolitan Transport Fund (CMTF)  
National projects  
Provincial projects – other  
Other

**TOTAL**

The Entity 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 subsidies**

Operating  
Capital

**Municipal infrastructure grant projects**

Balance unspent at beginning of the year  
Regrouping adjustment  
Current-year receipts  
Adjustments  
Conditions met – transferred to revenue

**Conditions still to be met – transferred to liabilities – see note 17**

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

**Provincial health subsidies**

Balance unspent at beginning of the year  
Current-year receipts – included in public health vote  
Conditions met – transferred to revenue

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

The Entity renders health services on behalf of the Provincial Government, and is refunded partially for expenditure incurred. This grant has been used exclusively 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  
Reclassification  
Current-year receipts  
Interest earned  
Adjustments  
Conditions met – transferred to revenue  
Amounts still to be claimed

**Conditions still to be met – transferred to liabilities – see note 17**

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
<b>970 474</b>	<b>910 437</b>	<b>970 474</b>	<b>910 437</b>
970 474	836 662	970 474	836 662
-	73 775	-	73 775
<b>2 787 361</b>	<b>1 726 032</b>	<b>2 787 361</b>	<b>1 726 032</b>
-	249 772	-	249 772
136 113	129 925	136 113	129 925
-	3 843	-	3 843
30 049	32 824	30 049	32 824
1 919 890	705 761	1 919 890	705 761
700 901	592 282	700 901	592 282
408	11 625	408	11 625
<b>3 757 835</b>	<b>2 636 469</b>	<b>3 757 835</b>	<b>2 636 469</b>

1 626 991	1 385 536	1 626 991	1 385 536
2 130 844	1 250 933	2 130 844	1 250 933
<b>3 757 835</b>	<b>2 636 469</b>	<b>3 757 835</b>	<b>2 636 469</b>

(63 547)	-	(63 547)	-
-	70 407	-	70 407
-	(383 726)	-	(383 726)
63 547	-	63 547	-
-	249 772	-	249 772
-	<b>(63 547)</b>	-	<b>(63 547)</b>

-	-	-	-
-	(129 925)	-	(129 925)
-	129 925	-	129 925
-	-	-	-

(390 963)	(246 903)	(390 963)	(246 903)
68 302	1 545	68 302	1 545
-	3 843	-	3 843
(523 637)	(719 762)	(523 637)	(719 762)
(7 384)	(6 597)	(7 384)	(6 597)
1 646	(18 241)	1 646	(18 241)
730 950	625 106	730 950	625 106
(103 820)	(29 954)	(103 820)	(29 954)
<b>(224 906)</b>	<b>(390 963)</b>	<b>(224 906)</b>	<b>(390 963)</b>

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>National Government projects</b>				
Balance unspent at beginning of the year	(586 486)	(702 923)	(586 486)	(702 923)
Regrouping adjustment	11 381	2 848	11 381	2 848
Reclassification	-	73 775	-	73 775
Current-year receipts	(2 625 891)	(640 032)	(2 625 891)	(640 032)
Interest earned	(90 070)	(37 312)	(90 070)	(37 312)
Adjustments	(7 531)	11 397	(7 531)	11 397
Conditions met – transferred to revenue	1 919 890	705 761	1 919 890	705 761
Amounts still to be claimed	(208)	-	(208)	-
<b>Conditions still to be met – transferred to liabilities – see note 17</b>	<b>(1 378 915)</b>	<b>(586 486)</b>	<b>(1 378 915)</b>	<b>(586 486)</b>

These grants received from National Government are for operating and capital expenditure (such as budget reform, restructuring, urban renewal, and so forth). Other than the amounts unspent, the conditions of the grants have been met – see Appendix D.

## 29. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections  
Other

	36 984	40 383	36 984	40 383
	26 677	39 337	26 369	39 337
<b>TOTAL</b>	<b>63 661</b>	<b>79 720</b>	<b>63 353</b>	<b>79 720</b>

### Public contributions and other third-party funds

Balance unspent at beginning of the year  
Regrouping adjustment  
Reclassification  
Current-year receipts  
Interest earned  
Adjustments  
Conditions met – transferred to revenue  
Amounts still to be claimed

	(67 684)	(98 614)	(67 684)	(98 614)
	(613)	6 390	(613)	6 390
	-	17 900	-	17 900
	(58 587)	(44 529)	(58 587)	(44 529)
	(802)	(1 372)	(802)	(1 372)
	6 259	(3 509)	6 259	(3 509)
	62 353	61 820	62 353	61 820
	(2 857)	(5 770)	(2 857)	(5 770)
<b>Conditions still to be met – transferred to liabilities – see note 17</b>	<b>(61 931)</b>	<b>(67 684)</b>	<b>(61 931)</b>	<b>(67 684)</b>

The Entity receives grants from various private donors 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.

## 30. EMPLOYEE-RELATED COSTS

Salaries and wages  
Social contributions – UIF, pensions and medical aid  
Travel, motor car, accommodation, subsistence and other allowances  
Housing benefits and allowances  
Overtime payments  
Performance bonus – net contribution  
Contribution: Post-retirement and long-service

	4 341 494	3 990 865	4 305 903	3 959 861
	1 129 270	1 034 405	1 125 294	1 031 092
	287 457	273 051	287 457	273 051
	31 061	31 315	31 061	31 315
	310 412	277 658	310 205	277 174
	-	1 880	-	-
	878 229	600 062	878 229	600 062
	6 977 923	6 209 236	6 938 149	6 172 555
	(22 137)	(24 663)	(22 137)	(24 663)
<b>TOTAL</b>	<b>6 955 786</b>	<b>6 184 573</b>	<b>6 916 012</b>	<b>6 147 892</b>

Expenditure recharged to capital projects

**TOTAL**

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>31. REMUNERATION OF COUNCILLORS</b>				
Executive Mayor	1 050	971	1 050	971
Deputy Executive Mayor	740	766	740	766
Speaker	740	766	740	766
Chief Whip	695	719	695	719
Mayoral Committee members	7 350	6 497	7 350	6 497
Subcouncil chairpersons	15 206	15 117	15 206	15 117
Councillors	67 924	54 274	67 924	54 274
Councillors' pension contributions	4 067	9 511	4 067	9 511
Board members (CTICC)	144	237	-	-
<b>TOTAL</b>	<b>97 916</b>	<b>88 858</b>	<b>97 772</b>	<b>88 621</b>
<b>32. IMPAIRMENT COSTS</b>				
Allowances for impairment losses	820 121	773 536	818 450	773 226
Impairment of property, plant and equipment	27 392	25 958	27 392	9 866
<b>TOTAL</b>	<b>847 513</b>	<b>799 494</b>	<b>845 842</b>	<b>783 092</b>
<b>33. DEPRECIATION AND AMORTISATION EXPENSES</b>				
Depreciation of property, plant and equipment	1 378 163	1 270 877	1 355 425	1 249 295
Depreciation of investment property	1 653	2 598	1 653	2 598
Amortisation of intangible assets	15 018	10 207	15 018	10 207
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>1 394 834</b>	<b>1 283 682</b>	<b>1 372 096</b>	<b>1 262 100</b>
– see notes 1, 3, 4 and Appendix B				
Grants-funded assets financed from reserves	(522 907)	(484 249)	(522 907)	(484 249)
<b>NET TOTAL DEPRECIATION AND AMORTISATION</b>	<b>871 927</b>	<b>799 433</b>	<b>849 189</b>	<b>777 851</b>
<b>34. FINANCE COSTS</b>				
Interest expenses	647 526	685 283	645 900	683 588
Borrowings (amortised cost)	642 664	663 565	641 038	661 870
Finance leases (amortised cost)	4 862	21 718	4 862	21 718
Unwinding of discount	35 350	33 604	35 350	33 604
Amortisation of bond issue expenses	283	283	283	283
Loss on foreign-exchange transactions	7	-	-	-
<b>TOTAL</b>	<b>683 166</b>	<b>719 170</b>	<b>681 533</b>	<b>717 475</b>
<b>35. BULK PURCHASES</b>				
Electricity	5 385 001	4 326 842	5 385 001	4 326 842
Water	320 262	293 323	320 262	293 323
<b>TOTAL</b>	<b>5 705 263</b>	<b>4 620 165</b>	<b>5 705 263</b>	<b>4 620 165</b>
<b>36. GRANTS AND SUBSIDIES PAID</b>				
Ad hoc	10	11	-	-
Community development and upliftment	9 384	9 315	9 384	9 315
Economic development and promotion of tourism	71 238	65 953	71 238	71 307
Education institutions	1 239	1 204	1 239	1 204
Health forum/health, HIV Aids and programmes	3 675	4 909	3 675	4 909
Senior citizens – facilities for the aged	289	456	289	456
Social development and arts and culture	5 438	5 647	5 438	5 647
Sporting bodies	2 229	544	2 229	544
Wesgro	10 000	5 354	10 000	-
Khayelitsha Community Trust	-	-	-	-
<b>TOTAL</b>	<b>103 502</b>	<b>93 393</b>	<b>103 492</b>	<b>93 382</b>

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>37. GENERAL EXPENSES</b>				
Chemicals	99 450	91 898	99 450	91 898
Communication and publication	31 821	28 515	28 743	26 255
Computer services and software	30 629	22 632	25 508	19 174
Consultants	150 960	145 448	147 364	141 440
ESKOM – FBE*	93 874	71 025	93 563	70 981
Fuel	191 191	144 049	190 792	143 758
Furniture and fittings	36	15	36	15
Hire charges	147 652	119 064	147 134	118 739
Legal fees	35 260	36 294	34 698	35 941
Levy: Skills development	48 398	43 499	48 398	43 499
Licences and permits	70 303	70 869	70 303	70 869
Materials and consumables	290 487	298 897	273 402	279 307
CIDs	-	-	86 823	78 967
Minor tools and equipment	51 175	50 291	51 172	50 283
Pharmaceutical supplies	71 874	75 441	71 874	75 441
Postage and courier	26 599	25 993	26 572	25 973
Printing and stationery	62 049	57 496	61 545	56 958
Rental	57 806	64 085	56 561	62 849
Inventory: scrapping	5 402	1 243	5 402	1 243
Security services	316 400	276 722	311 703	272 550
Sewerage services – disposals external	47 450	35 209	47 450	35 209
Telecommunications	115 442	115 859	113 985	114 246
Training	70 109	53 728	69 676	52 179
Insurance: Claims	26 659	26 611	26 659	26 611
Insurance: Underwriting	25 557	26 217	25 557	26 217
Indigent relief	369 226	338 696	369 226	338 696
Contributions, transfers and other	641 748	521 762	614 536	494 885
	3 077 557	2 741 558	3 098 132	2 754 183
Expenditure recharged to capital projects	(2 397)	(3 253)	(2 397)	(3 253)
<b>TOTAL</b>	<b>3 075 160</b>	<b>2 738 305</b>	<b>3 095 735</b>	<b>2 750 930</b>
<b>38. TAXATION</b>				
<b>Deferred taxation</b>				
<b>CTICC</b>				
Deferred income taxes are calculated on all temporary differences under the balance sheet method, using a tax rate of 28% (2011: 28%).				
At beginning of the year	8 318	9 240		
Temporary differences	(1 403)	(922)		
At end of the year	<b>6 915</b>	<b>8 318</b>		
<b>CIDs</b>				
At beginning of the year	35	-		
Reverse temporary differences on finance lease obligations	(9)	35		
At end of the year	<b>26</b>	<b>35</b>		
<b>The balance comprises</b>				
Capital allowance (non-deductible temporary differences)	6 915	8 318		
Reverse temporary differences on finance lease obligations	26	35		
Total	<b>6 941</b>	<b>8 353</b>		
<b>Statement of financial performance charge</b>				
Taxation				
Current year: CTICC	4 113	6 426		
CIDs	(9)	29		
	<b>4 104</b>	<b>6 455</b>		

\*Payment to ESKOM to subsidise the FBE portion supplied by ESKOM to residence in the City of Cape Town.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>39. CASH GENERATED FROM OPERATIONS</b>				
Surplus for the year	2 534 191	1 832 538	2 519 634	1 824 465
Adjustment for:	2 584 447	2 503 151	2 566 316	2 475 011
Depreciation	1 394 834	1 283 682	1 372 096	1 262 100
Contributed assets	(76 435)	-	(76 127)	-
Impairment	27 392	25 958	27 392	9 866
Gains and losses on disposal of assets	(42 397)	(16 909)	(42 420)	(17 051)
Contribution to provisions	815 325	498 789	814 730	498 688
Contribution to impairment provision	352 544	523 050	350 873	526 003
Finance income	(569 982)	(530 589)	(561 761)	(522 070)
Finance costs	683 166	719 170	681 533	717 475
<b>Operating surplus before working capital changes</b>	<b>5 118 638</b>	<b>4 335 689</b>	<b>5 085 950</b>	<b>4 299 476</b>
(Increase) in inventories	(17 751)	(37 076)	(17 759)	(38 169)
(Increase) in receivables	(639 430)	(843 276)	(637 980)	(845 591)
(Increase)/decrease in other receivables	(108 475)	118 515	(109 190)	116 942
Increase in unspent conditional grants and receipts	557 072	60 240	557 072	60 240
Increase in payables	443 316	271 703	461 236	259 030
Increase in net VAT	388	6 207	388	6 207
<b>Cash generated from operations</b>	<b>5 353 758</b>	<b>3 912 002</b>	<b>5 339 717</b>	<b>3 858 135</b>
<b>40. CASH AND CASH EQUIVALENTS</b>				
Balance at end of the year	3 481 533	3 304 129	3 327 832	3 151 257
Balance at beginning of the year	3 304 129	4 653 456	3 151 257	4 511 179
<b>Net increase/(decrease) in cash and cash equivalents – see note 11</b>	<b>177 404</b>	<b>(1 349 327)</b>	<b>176 575</b>	<b>(1 359 922)</b>
<b>41. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS</b>				
Borrowings raised – see Appendix A	431	335	-	-
EFF earmarked capital expenditure	(3 801 138)	(2 700 480)	(3 801 138)	(2 700 480)
2010/11 and prior years	(2 700 480)	(1 720 913)	(2 700 480)	(1 720 913)
Current year	(1 100 658)	(979 567)	(1 100 658)	(979 567)
Total EFF (overdrawn)	(3 800 707)	(2 700 145)	(3 801 138)	(2 700 480)
Cash set aside for the repayment of borrowings – see note 6 and 12	641 651	476 998	641 651	476 998
<b>Cash overdrawn</b>	<b>(3 159 056)</b>	<b>(2 223 147)</b>	<b>(3 159 487)</b>	<b>(2 223 482)</b>
<b>42. BUDGET INFORMATION</b>				
<b>42.1 Explanation of variances between approved and final budget amounts</b>				
The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect 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.				
<b>42.2 Explanation of variances greater than 5%: Final budget and actual amounts</b>				
<b>42.2.1 Statement of financial position</b>				
i) Current assets				
The cash available were much higher than anticipated due to underspending of capital and operating expenditure as well as higher than expected payables.				
ii) Current liabilities				
The actual payables were higher than the budget due to much higher capital spend in June 2012 than what was budgeted for.				



**42.2.2 Statement of financial performance**

## Revenue

- i) Rental of letting stock and facilities  
The variance is as the result of improved processes relating to rental of property and facilities.
- ii) Finance income  
Interest earned on the continuous favorable cash/investment balance during the year.
- iii) Licences and permits  
The variance is the result of an increased number of licenses and permits issued and an improvement in administrative processes relating to the issue of licenses and permits.
- iv) Agency services  
The variance is the result of an increase in the number of transactions processed on behalf of Provincial Government.
- v) Other income  
The variance is the result of a refund on Water Levies paid in the previous financial year and a VAT refund on IRT related transactions as agreed with SARS.
- vi) Gains on disposal of property, plant and equipment  
The variance is due to difficulties in planning the finalisation date of various property sales and transactions that are still in progress.
- vii) Fines  
The variance is as result of fines reviewed by traffic courts and the number of fines issued by the respective departments.
- viii) Government grants and subsidies  
The spending on these projects were influenced by a number of factors, such as delays in the implementation of various projects, community dynamics, change in contract scope, contract award objection processes, environmental issues, delays in delivery of materials/goods and contractor performance, thus resulting in underspending for the year. Various projects will be completed in the 2012/13 financial year and the funding will be rolled over in the August 2012 adjustments budget.
- ix) Public contributions  
The variance is mainly due to slower than expected property development due to economic downturn resulting in less Development Levies collected.

## Expenditure

- i) Remuneration of councillors  
Variance due to less than anticipated transport claims submitted by councillors and the impact of the revised implementation date by the MEC for the conversion of the Section 79 committee chairpersons to full time councillors.
- ii) Impairment costs  
The variance is due to lower than anticipated debt impairment mainly on Rates and Electricity services resulting from an improved actual collection ratio achieved and maintained during the year and the impact of the energy savings campaign.
- iii) Finance costs  
The variance is mainly due to the provision made for a long term external loan which has not been taken up as the City had maintain a favorable cash position throughout the financial year.

**42.2.3 Cash flow statement**

- i) Net cash from operating activities  
Mainly due to the cash paid to suppliers and employees being lower than expected due to an underspending of operating expenditure and higher than expected payables at year end.
- ii) Net cash from investing activities  
Investments increased rather than decreased as expected due to underspending of capital and operating expenditure. Another contributing factor is the higher than expected payables at year end as more than anticipated expenditure had been deferred to the 2012/13 financial year.
- iii) Net cash from financing activities  
Mainly due to a higher than expected increase in the consumer deposits.

**42.2.4 Capital expenditure**

- i) City Manager  
Under-expenditure as a result of the contingency provisions which are only utilised for the replacement of assets as and when insurance claims are settled.
- ii) Deputy City Manager  
Due to project delays caused by poor performance from contractors not meeting project deadlines. Due to the adjustment made to the specifications of the contract, further approval from Treasury and SCM was required which resulted in a temporary suspension in operations and contingency provisions which are only utilised for the replacement of assets as and when insurance claims are settled.
- iii) Economic, Environment and Spatial Planning  
Under expenditure as result of the delay of signing of the contracts with relevant stakeholders on certain projects and appeals against tenders awarded on certain projects.
- iv) Social and Early Childhood Development  
Under-expenditure on capital projects were caused by cash flows problems experienced by contractors, delays experienced in land transfers and community interference in the implementation of certain projects.
- v) Tourism, Events and Marketing  
The variance in expenditure was primarily caused by delays in the commencement of projects due to: environmental and legal requirements, factors beyond the control of the department such as bad weather conditions and the prolonged adjudication of tenders and extension in contract periods.
- vi) Transport, Roads and Stormwater  
Under-expenditure is mainly as a result of: slower implementation of the IRT Inner City bus stop infrastructure and other IRT contracts due to frequent design changes being required as a result of the presence of existing services where these had not been indicated on service plans; community disruptions and delays on some housing related projects; delivery of fewer IRT buses than had been programmed by end June 2012; delays in resolution by the Appeal Authority of Section 62 appeals against the awards of some major road contracts.
- vii) Human Settlements  
Expenditure variations on the variety of integrated human settlements developments undertaken by the City of Cape Town include matters associated with comprehensive community engagements which take longer than anticipated, unseasonal weather, project planning approvals et al. Beneficial savings on land acquisitions also resulted in a level of underspend against this budget item.
- viii) Water and wastewater management  
As a result of departmental constraints such as lack of adequate staff to supervise projects, delays were experienced in completing certain projects. Inefficiencies from other departments within the City that led to the delay in the commencement of projects such as approval of Tenders by SCM and the time taken by Legal department to resolve appeals against tenders awarded. Under-performance of contractors and supply constraints. Environmental Impact Analyses and obtaining of way leaves. Bad weather conditions experienced during the year which led to project backlogs. Better cost management techniques which resulted in cost savings on projects completed.
- ix) Subsidiaries  
The capital expenditure projects were 92% completed and in progress as at year-end. The variances relates mainly to savings on completed projects and projects in progress as at year-end.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**43. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES****43.1 Irregular expenditure**

Opening balance	187 164	102 496	187 164	101 106
Irregular expenditure – SCM regulations (see incidents below)	2 710	96 020	-	86 058
Ratified by accounting officer and noted by Council	(79 511)	-	(79 511)	-
Ratified by the board of directors	(2 710)	(11 352)	-	-
<b>Closing balance</b>	<b>107 653</b>	<b>187 164</b>	<b>107 653</b>	<b>187 164</b>

Incident	2012	2011	2012	2011
Deviation from SCM regulations due to nature of business	2 710	9 962		
Supply chain management policy on declarations of interest for quotations under R30 000 not fully adhered to in respect of suppliers found to be in the employ of the state		9 166		9 166
Supply chain management policy on declarations of interest for quotations under R200 000 not fully adhered to in all commodity types		36 772		36 772
One instance of the declaration of interest of a supplier in the employ of the state overlooked		210		210
Business conducted with a councillor due to a delay in remedial action as a result of an overlap of election processes, and with staff due to omission of details in their declarations		1 275		1 275
One instance of a supplier prohibition and another of a legitimate company with a prohibited shareholder not detected		5 272		5 272
Contracts not advertised for the full 30 day period as required mainly due to not having given regard to the weekend at the end of the 30 days		33 363		33 363
<b>Incidents for the year</b>	<b>2 710</b>	<b>96 020</b>		<b>86 058</b>

**43.2 Fruitless and wasteful expenditure**

Opening balance	986	431	431	431
Fruitless expenditure current-year (see incidents below)	-	731	-	-
Amount recovered	(267)	(176)	-	-
Certified as irrecoverable by Council	(431)	-	(431)	-
<b>Closing balance</b>	<b>288</b>	<b>986</b>	<b>-</b>	<b>431</b>

Incident	Disciplinary steps/criminal proceedings
Misappropriation of funds	Reported to SAPS
Fraudulent supplier payment	Reported to SAPS

**Incidents for the year****731****43.3 Material losses**

Water losses	76 965	90 050	76 965	90 050
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**Water losses**

In the current year, the reticulation losses were 8,6% (2011: 10,7%). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. A major reduction has been made since the previous financial year by addressing metering inconsistencies. The material losses disclosed in 2011 have been restated due to the Entity having not correctly interpreted Section 125 of the MFMA regarding the losses to be disclosed. Only losses of a non-technical nature should be disclosed and not losses which are by nature regarded as normal production losses. Such production losses amounting to R93,97 million (2011: R109,73 million) are quantified and factored into the tariffs. The comparative amount of R90,05 million has been restated from R506,54 million.

Electricity losses

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
225 049	101 529	225 049	101 529

**Electricity losses**

In the current year, the energy losses were 10,75% (2011: 8,85%). These losses are the result of theft and vandalism. The material losses disclosed in 2011 have been restated due to the Entity having not correctly interpreted Section 125 of the MFMA regarding the losses to be disclosed. Only losses of a non-technical nature should be disclosed and not losses which are by nature regarded as normal production losses. Such production losses amounting to R352,74 million (2011: R280,36 million) are quantified and factored into the tariffs. The comparative amount of R101,53 million has been restated from R689,27 million.

**44. COMMITMENTS****44.1 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure

Approved and contracted for:

Infrastructure

Community

Other

**TOTAL**

1 418 983	480 101	1 418 983	480 101
21 302	141 212	21 302	141 212
587 050	277 215	587 050	277 215
<b>2 027 335</b>	<b>898 528</b>	<b>2 027 335</b>	<b>898 528</b>

**44.2 OPERATING LEASE COMMITMENTS****The Entity as lessee**

Future minimum lease payments under non-cancellable operating leases

**Land and buildings**

Payable within one year

Payable within two to five years

**Vehicles and other equipment**

Payable within one year

Payable within two to five years

Payable after five years

<b>68 442</b>	<b>57 055</b>	<b>68 279</b>	<b>56 420</b>
25 785	45 031	25 622	44 559
42 657	12 024	42 657	11 861
<b>56</b>	<b>439</b>	<b>56</b>	<b>439</b>
56	116	56	116
-	254	-	254
-	69	-	69
<b>68 498</b>	<b>57 494</b>	<b>68 335</b>	<b>56 859</b>

Minimum lease payments recognised as an expense during the period amount to R44,68 million (2011: R62,63 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

The Entity 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 Council policy decision, such leased equipment shall be purchased upon 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.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**The Entity as lessor**

Future minimum lease income under non-cancellable operating leases

Receivable within one year	19 205	19 727	20 899	21 389
Receivable within two to five years	70 508	67 343	77 282	74 117
Receivable after five years	312 096	321 746	370 102	381 869
<b>Buildings</b>	<b>401 809</b>	<b>408 816</b>	<b>468 283</b>	<b>477 375</b>

The Entity lets properties under operating leases. Property rental income earned during the year was R21,77 million (2011: R25,84 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 an increase in current-year income of R2,47 million.

**45. ADDITIONAL DISCLOSURES****45.1 MUNICIPAL FINANCE MANAGEMENT ACT****45.1.1 Section 124****Disclosures concerning councillors, directors and officials**

As at **30 June 2012** no councillors were in arrears for rates and services

During the reporting period the following councillors, as listed below, were in arrears for more than 90 days.

F.L. Abrahams	V.R. Isaacs	A.X. Ndongeni
Y. Adams	L.V. James	N. Ndzulwana
A. Gabuza	L. Maci	M. Nikelo
T. Gqada	C.J. Mack	T.A. Uys – Bloemhof Guesthouse
E.N. Hinana	J.J. Maxheke	M. Weavers
T.T. Honono	H.K. Morkel – Carthen Investment (Pty) Ltd	G.L. Zondani

**As at 30 June 2011**

	Total R	Outstanding <90 days R	Outstanding >90 days R
F.C. Christians	6 526	580	5 946
E.N. Hinana	15 357	11 239	4 118
C.W. Ipser	10 749	6 502	4 247
L.D. Jordaan	5 721	-	5 721
L. Maci	1 859	95	1 764
H.K. Morkel – Carthen Investment (Pty) Ltd	47 040	-	47 040
N. Ndzulwana	4 020	333	3 687
N.C. Nyakatya	1 614	975	639
T. Sakathi	1 964	782	1 182
M. Weavers	4 379	1 102	3 277
G.L. Zondani	2 808	2 335	473

**These balances have been paid in full at 31 August 2011**

F.L. Abrahams	9 841	700	9 141
A. Gabuza	7 239	811	6 428
T. Gqada	20 612	-	20 612
V.R. Isaacs	43 678	17 226	26 452
L.V. James	17 807	1 495	16 312
C.J. Mack	11 021	8 438	2 583
J.J. Maxheke	14 880	944	13 936
A.X. Ndongeni	65 300	2 018	63 282

**Arrangements are in place for the payment of these balances**

<b>Total</b>	<b>190 378</b>	<b>31 632</b>	<b>158 746</b>
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	<b>292 415</b>	<b>55 575</b>	<b>236 840</b>
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45.1.2 Included in the debtors arrears is an amount of R1,70 million, outstanding for more than 120 days, owed by the representative political parties to the Entity.

#### 45.1.3 Section 125

##### Other compulsory disclosures

	SALGA contributions R'000	Audit fees R'000	PAYE and UIF R'000	Pension and medical aid R'000
<b>As at 30 June 2012</b>				
Opening balance	7 170	481	60 419	141 774
Subscriptions/fees	9 500	17 655	804 472	1 815 186
Amount paid – current year	(9 500)	(17 392)	(741 929)	(1 659 881)
Amount paid – previous years	(7 170)	(481)	(60 419)	(141 774)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>263</b>	<b>62 543</b>	<b>155 305</b>

##### As at 30 June 2011

Opening balance	-	1 296	53 222	122 658
Subscriptions/fees	13 862	19 443	757 366	1 625 205
Amount paid – current year	-	(18 962)	(696 947)	(1 483 431)
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>

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

#### 45.2 SUPPLY CHAIN MANAGEMENT REGULATIONS – Municipality of Cape Town

##### 45.2.1 Deviations

In terms of section 36 of the Municipal SCM 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	72 543	41 068	72 543	41 068
Information technology upgrade	18 131	7 402	18 131	7 402
Upgrade of electricity services	-	3 344	-	3 344
Extension of contract	289 845	518 289	289 845	518 289
Upgrade of road infrastructure	10 588	32 402	10 588	32 402
Supply and delivery of plant and equipment	11 092	59 430	11 092	59 430
Other	49 100	165 760	39 660	155 078
Deviations less than R200 000	333 615	290 999	333 615	290 999
<b>Total amount condoned by Council</b>	<b>784 914</b>	<b>1 118 694</b>	<b>775 474</b>	<b>1 108 012</b>

All deviations considered by the City Manager are processed in terms of the SCM Regulation and the SCM Policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of procurements of an emergency nature, availability from only one provider, art historic objects, circumstances where it is impractical or impossible to follow the official procedure or correction of minor breaches of a technical nature.

##### 45.2.2 Ratification of SCM breaches

The calling for declaration of interest for quotation under R200 000 only fully implemented by December 2011. In addition the non-calling could have given rise to the possibility that the City may have traded with "employees in service of the State".

Contracts not advertised for the full 30-day period as required due mainly to not having given account of the weekend at the end of the 30 days.

##### Total

2012
R'000
41 593
182 167
<b>223 760</b>

## 45.2.3 Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2 000 to family of employee in the service of the State must be disclosed in the annual financial statements. Herewith a list as recorded in the declaration of interest form.

		Economic entity		Municipality of Cape Town	
		2012	2011	2012	2011
		R'000	R'000	R'000	R'000
<b>Municipality of Cape Town</b>					
Connected person	Position held in State				
J. Adams	Secretary	130	152	130	152
J. Arendse	Handyman	363	167	363	167
M.F. Baloyi	Worker	-	8	-	8
P. Booysen	Clerk	1 115	1 115	1 115	1 115
B. Brooks	Area Manager	44	-	44	-
G. Buitendag	Principal Professional Officer	3 160	-	3 160	-
A. Cedras	Senior Superintendent	1 058	1 317	1 058	1 317
A. Charles	Functional Operational Manager	-	31	-	31
C. Connor	Head: COID	238	-	238	-
L. Daniels	Senior Foreman	979	-	979	-
S.S. Daries	Senior Superintendent	4	51	4	51
R. Davids	COCT SCM Assistant buyer	459	250	459	250
J. du Toit	Inspector	39 609	37 878	39 609	37 878
J. du Toit	COCT SCM Assistant buyer	251	222	251	222
B. Francis	Administrative Officer	1	7	1	7
N. Goniwe	Water Pollution Control Inspector	279	417	279	417
T. Hartogh	Superintendent	-	12	-	12
G. Hector	Superintendent	-	4	-	4
J. Hintenaus	Environmental Health Officer	-	4	-	4
N. Hoosain	Clerk	823	566	823	566
A. Hoppie	Clerk	-	3	-	3
D. Isaacs	Clerk	8	42	8	42
E. Ishmail	Manager: Valuations Data/System	5 364	-	5 364	-
L. January	Head: Area	116	27	116	27
B. Jones	Clerk	272	-	272	-
A. Jonkers	Senior Foreman	-	40	-	40
M.F. Khan	Clerk	232	180	232	180
W. Kloppers	Senior Health Practitioner	-	3	-	3
G. Koning	Enrolled Nurse	18	52	18	52
X. Mama	Head : Area Manager	449	-	449	-
J. Manuel	Traffic Officer	13	7	13	7
J. Maputsi	Learner/ Snr. Fire Fighter	753	1 587	753	1 587
S.S. Merile	Operator: Small Plant	663	1 071	663	1 071
D. Michaels	Administrative Officer	-	15	-	15
K. Modack	Specialist Clerk	83	-	83	-
M.C. Mshweshwe	Statutory Compliance Specialist	344	53	344	53
V. Mwahla	Head: Area	-	6	-	6
M. Pardenwachter	Professional Officer	45	-	45	-
J. Pienaar	Senior Professional Officer	-	2	-	2
R. Platen	Special Workman	4	5	4	5
C. Rhoda	Clerk	10 607	7 222	10 607	7 222
M.F. Sammy	Administrative Officer	104	68	104	68
M.S. Shaheed	Clerk	1 163	-	1 163	-
P.A. Singama	Administrative Officer	-	15	-	15
Q.G. Sipoyo	Risk and Safety Advisor	858	350	858	350
P. Smith	Administrative Officer	66	-	66	-
P. Sonyabashe	Worker	538	172	538	172
R. Swanson	Courier	63	117	63	117
L. Swartz	Clerk	-	58	-	58
I. Taliep	Clerk	-	236	-	236
M. Thorpe	COCT SCM Assistant buyer	376	366	376	366
W. Timotheus	Operational Supervisor/Driver	4	13	4	13
F. Trom	Worker	11	5	11	5
M. Valentine	Snr. Operational Supervisor/Driver	-	65	-	65
C. van der Vendt	Senior Worker	343	379	343	379
E. Vermeulen	Assistant Librarian (Part Time)	-	64	-	64
M.F. Votersen	Head: Finance Parks	1 248	1 148	1 248	1 148
J. Williams	Clerk	2	127	2	127
<b>Total</b>		<b>72 260</b>	<b>55 699</b>	<b>72 260</b>	<b>55 699</b>

**46. FINANCIAL RISK MANAGEMENT**

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Entity'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 Entity's risk management policies. Every quarter, the risk management committee's reports are presented to the Audit Committee. The Risk Management Committee's policies are established to identify and analyse the risks faced by the Entity, 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 Entity's activities.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Fair value R'000
<b>Financial assets</b>				
<b>2012</b>				
Investments	111 529	2 883 350	2 994 879	3 036 118
Long-term receivables	119 086	-	119 086	119 086
Receivables	3 977 942	-	3 977 942	3 977 942
Other receivables	323 464	-	323 464	323 464
Cash and cash equivalents	1 769 483	1 712 050	3 481 533	3 481 533
	<b>6 301 504</b>	<b>4 595 400</b>	<b>10 896 904</b>	<b>10 938 143</b>
<b>2011</b>				
Investments	161 771	2 096 302	2 258 073	2 279 321
Long-term receivables	134 719	-	134 719	134 719
Receivables	3 706 347	-	3 706 347	3 706 347
Other receivables	203 049	-	203 049	203 049
Cash and cash equivalents	1 762 393	1 541 736	3 304 129	3 304 129
	<b>5 968 279</b>	<b>3 638 038</b>	<b>9 606 317</b>	<b>9 627 565</b>
<b>Financial liabilities</b>				
<b>2012</b>				
Borrowings	5 489 134	-	5 489 134	6 295 331
Payables	2 999 014	-	2 999 014	2 999 014
	<b>8 488 148</b>	<b>-</b>	<b>8 488 148</b>	<b>9 294 345</b>
<b>2011</b>				
Borrowings	5 668 294	-	5 668 294	6 260 971
Payables	2 570 332	-	2 570 332	2 570 332
	<b>8 238 626</b>	<b>-</b>	<b>8 238 626</b>	<b>8 831 303</b>



#### 46.1 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. 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>2012</b>				
Investments	1 844 250	1 039 100	-	2 883 350
Cash and cash equivalents	-	1 712 050	-	1 712 050
	<b>1 844 250</b>	<b>2 751 150</b>	-	<b>4 595 400</b>
<b>2011</b>				
Investments	1 832 242	264 060	-	2 096 302
Cash and cash equivalents	-	1 541 736	-	1 541 736
	<b>1 832 242</b>	<b>1 805 796</b>	-	<b>3 638 038</b>

#### 46.2 Credit risk

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, loans, 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:

	Economic entity		Municipality of Cape Town	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Investments – see note 6	2 994 879	2 258 073	2 994 879	2 258 073
Loans receivable – see note 7	119 086	134 719	119 086	134 719
Receivables and other receivables – see note 9 and 10	4 301 406	3 909 396	4 297 058	3 903 240
Cash and cash equivalents – see note 11	3 481 533	3 304 129	3 327 832	3 151 257
<b>Total</b>	<b>10 896 904</b>	<b>9 606 317</b>	<b>10 738 855</b>	<b>9 447 289</b>

##### Investments

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity 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 Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

### Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity 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 Entity's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The Entity 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 geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 0,8% (2011: 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 Entity has provided fully for all receivables outstanding over 365 days. 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 receivables is given in note 9 and 10.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the City to make adequate provision for such relief.

### Cash and cash equivalents

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

### 46.3 Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its obligations as they fall due. The Entity'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 Entity's reputation.

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

On average, 94,93% (2011: 93,88%) of receivables (own billed) income is realised within 30 days after due date, and payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of 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>2012</b>				
<b>Liabilities</b>				
Borrowings	914 575	3 039 590	8 078 652	12 032 817
Capital repayments	296 142	715 469	4 477 523	5 489 134
Interest	618 433	2 324 121	3 601 129	6 543 683
Payables	2 999 014	-	-	2 999 014
Payables	2 599 475	-	-	2 599 475
Sundry creditors	399 539	-	-	399 539
	<b>3 913 589</b>	<b>3 039 590</b>	<b>8 078 652</b>	<b>15 031 831</b>

### 46.4 Capital management

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

The Entity 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, payables, less investments.

### 46.5 Currency risk

The Entity 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 Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity 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 or services. The Entity 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 Entity's procurement, and, consequently is not elaborated on any further.

**Market risk**

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

The effective rates on financial instruments as at 30 June 2012 are as follows:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			Total R'000
		1 year or less R'000	1-5 years R'000	>5 years R'000	
<b>Financial assets</b>					
Investments	6,70	2 883 387	121 108	-	3 004 495
Cash and cash equivalents	6,06	3 320 663	-	-	3 320 663
<b>Total financial assets</b>		<b>6 204 050</b>	<b>121 108</b>	<b>-</b>	<b>6 325 158</b>
<b>Financial liabilities</b>					
Borrowings	11,528	296 142	715 469	4 477 523	5 489 134
<b>Total financial liabilities</b>		<b>296 142</b>	<b>715 469</b>	<b>4 477 523</b>	<b>5 489 134</b>

**Interest rate sensitivity analysis****Financial assets**

At 30 June 2012, 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 R65,14 million with the opposite effect if the interest rate had been 100 basis points lower.

**Financial liabilities**

At 30 June 2012, if the interest rate at that date had been 100 basis points higher, with all the other variables held constant, the fair-value liability would have no significant impact (R5 579), with the opposite effect if the interest rate had been 100 basis points lower.

**47. PRIOR-YEAR ADJUSTMENTS****47.1 Changes in accounting policy**

In anticipation of the implementation of GRAP 23, 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 unspent conditional grant being recognised due to the grants being conditional with no repayment terms.

**47.2 Correction of errors**

Funds received in 2012 that related to 2011 financial year.

The omission of a reversal in 2011 of a bank adjustment.

Correction of the staff leave provision calculation.

Presented below are only those items contained in the statement of financial position and the statement of financial performance that have been affected by the prior-year adjustments and the cash flow statement was adjusted accordingly.

		As previously reported R'000	Change in accounting policy R'000	Correction of errors R'000	Restated R'000
<b>2011</b>	<b>Note</b>				
<b>Statement of financial position</b>					
Other receivables	10	203 612	-	471	204 083
Provisions	15	770 144	-	7 240	777 384
Unspent conditional grants and receipts	17	1 207 732	(95 518)	(3 534)	1 108 680
Accumulated surplus	21	14 376 480	95 518	(3 235)	14 468 763
<b>Statement of financial performance</b>					
<b>Exchange revenue</b>					
Other income	26	253 435	-	471	253 906
<b>Non-exchange revenue</b>					
Government grants and subsidies	28	2 558 851	77 618	-	2 636 469
Public contributions	29	61 820	17 900	-	79 720
Total revenue		20 524 610	95 518	471	20 620 599
Employee-related costs	30	6 160 448	-	24 125	6 184 573
General expenses	37	2 758 724	-	(20 419)	2 738 305
Total expenditure		18 784 355	-	3 706	18 788 061
Surplus for the year		1 740 255	95 518	(3 235)	1 832 538

**47.4 Changes in accounting estimates**

The estimate for prepaid electricity payments received in advance has been revised due to new information being available and experienced gained by management. Due to the revised estimate the accrual decreased with R67,23 million.

The annual review of the useful lives of assets resulted in a decrease in the depreciation charge to the statement of financial performance of R4,04 million (2011: R17,20 million).

**48. RETIREMENT BENEFIT INFORMATION**

The Entity 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 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R654,29 million (2011: R595,91 million) to the DB and DC structures are expensed as incurred during the year under review.

These schemes are subject to a triannual, biannual or annual actuarial valuation, as set out below.

**48.1 DEFINE- BENEFIT SCHEMES****Cape Joint Pension Fund (multi-employer fund)**

The DB section is a multi-employer plan, and the contribution rate payable is 27%, i.e. 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 2011. The valuation indicates a break-even actuarial result, and is 98% funded at the financial year-end. The City of Cape Town is included among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the Fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the Fund are required to fund the shortfall in direct proportion to the level of contributions made. As at the date of the financial statements, an assessment of the performance of the Fund's assets for the 2011 year had not been completed. Should the return of the assets be less than 5,5%, the City could be liable for its portion of the shortfall in terms of the rules of the Fund. The City is currently engaged in a dispute that relates to a shortfall in the return of the fund assets, as contemplated above, during the 2008 and 2009 financial years, for an amount of R96 million and interest of R35,58 million (2011: R20,4 million). A provision of R96 million has been included in "Other provisions" in note 15.

**South African Local Authorities (SALA) Pension Fund (multi-employer fund)**

The fund is a DB plan and is financially sound. It was 98% funded as at 1 July 2011, and had remained stable since the previous valuation date.

**48.2 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 2011. The valuation disclosed funding of 104%.

**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 2011.

**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 fund was certified by the actuary as being in a sound financial condition as at 30 June 2010.

**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, when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2008 audited financial statements, once it becomes available.

**Cape Town International Convention Centre Company (Pty) Ltd Provident Fund**

The provident fund operates as a DC scheme. The economic entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current or prior periods. The economic entity has no payment obligation once the contribution has been paid.

**48.3 DEFINE- BENEFIT AND DEFINE- 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 2011, which certified it 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	9 474	322	9 152
Pensioners	5 196	4 014	1 182
Membership as at 30 June 2011	14 670	4 336	10 334

	2012	2011
	R'million	R'million
Past-service position – DB section	3 574	3 420
Past-service position – DC section	5 822	5 001
Total liabilities	9 396	8 421
Assets valued at market value	9 408	8 550
Actuarial surplus	12	-

**Key financial assumptions**

	2012	2011
	%	%
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	0,50
Post-retirement	2,50	2,50
Normal retirement age	60 years	60 years

**48.4 POST-EMPLOYMENT DEFINED BENEFITS****48.4.1 Health care arrangement assumptions**

For past service of in-service and retired employees, the Entity 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 as at 30 June 2012, were constituted 10 966 (2011: 10 884) in-service members and 6 480 (2011: 6 469) pensioners.

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 the exception of 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**

Currently, no long-term assets are 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 of Cape Town as at 30 June 2012 has been discounted at a rate determined on the basis of the yield of 7,99% (2011: 8,69%) per annum on government bonds.

**48.4.2 Retirement pension benefits**

For past service of employees and retired employees, the Entity 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 2012 was 30 (2011: 44) in-service employees and 125 (2011: 135) pensioners.

**Plan assets**

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

**Discount rate**

The fund benefit liability to the Entity as at 30 June 2012 has been discounted at an 7,34% (2011: 8,36%) per-annum rate determined on the basis of the market yields on government bonds.

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

	2012			2011		
	Health care benefits R'000	Retirement pension benefits R'000	Total R'000	Health care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	3 566 435	17 004	3 583 439	2 905 696	14 921	2 920 617
Unrecognised actuarial gains	-	-	-	77 197	2 876	80 073
Net liability in statement of financial position	3 566 435	17 004	3 583 439	2 982 893	17 797	3 000 690
Service costs	79 194	651	79 845	50 846	428	51 274
Interest costs	254 270	1 536	255 806	243 681	1 401	245 082
Actuarial losses/(gains) recognised	376 394	(1 475)	374 919	302 782	2 360	305 142
Total included in statement of financial performance	709 858	712	710 570	597 309	4 189	601 498
Balance at the beginning of the year	2 982 893	17 797	3 000 690	2 500 154	15 215	2 515 369
Net expense recognised in statement of financial performance	709 858	712	710 570	597 309	4 189	601 498
Contributions paid	(126 316)	(1 505)	(127 821)	(114 570)	(1 607)	(116 177)
Net liability in statement of financial position	3 566 435	17 004	3 583 439	2 982 893	17 797	3 000 690

The contributions paid are actual contributions paid by the Entity, 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 Entity.

**Sensitivity analysis**

	Change in assumption	Liability R'000	Percentage change %	Service cost R'000	Interest cost R'000	Total costs R'000	Percentage change %
<b>Post-retirement medical aid</b>							
Assumptions used		<b>3 566 435</b>		<b>79 194</b>	<b>254 270</b>	<b>333 464</b>	
Health care inflation	+1% increase	4 160 231	17	96 622	296 475	393 096	18
	-1% decrease	3 085 317	(13)	65 501	220 002	285 502	(14)
Post-retirement mortality	-1 year reduction	3 702 760	4	81 708	263 729	345 436	4
Average retirement age	-1% decrease	3 645 318	2	82 745	263 697	346 443	4
Withdrawal rate	-50%	3 698 233	4	85 222	264 309	349 530	5

**Key financial assumptions**

Discount rate	7,9	7,3	8,7	8,4
General inflation rate (CPI)	5,4	5,2	5,7	5,6
General salary inflation rate	-	6,2	-	6,6
Health care cost inflation rate	7,2	-	7,4	-
Net effective discount rate	0,8	-	1,2	-
Pension increase rate – pensioners	-	-	-	-
Net effective discount rate – pensioners	-	-	-	-

	2012		2011	
	Health-care benefits %	Retirement pension benefits %	Health-care benefits %	Retirement pension benefits %

**49. GUARANTEES AND CONTINGENT LIABILITY**

**49.1 Guarantees**

The Entity issued the following guarantee:

- A bank guarantee of R823 446 (2011: R823 446) as security for the lease of property.

**49.2 Other contingent liabilities**

**Contractual disputes**

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined since it is subject to litigation and a provisional estimate based on management assessment is R285,52 million (2011: R401,34 million). A potential liability exist regarding the Cape Town Stadium of a disputed amount of R240,04 million. R200,04 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 Entity and its lawyers are of the opinion that the litigation is likely to be in the Entity'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 R105,80 million (2011: R86,37 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 or greater amount.

**50. RELATED-PARTY DISCLOSURES**

**50.1 Municipal entities and special areas**

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

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**CTICC (Convenco)**

The Convention Centre was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city. At year-end, the amount owing by Convenco to the City of Cape Town amounted to R1,31 million(2011: R2,77 million).

Percentage owned		50,18%	50,18%
Arm's-length transactions for the year			
Receivables		1 314	2 766
Service charges		17 738	15 997

CTICC has outsourced the management of its operating division in terms of a contract dated June 2001 to Amsterdam RAL.

Arm's-length transactions for the year			
Fixed management fees	1 043	973	
Basic management fees	-	-	
Incentive fee	-	-	

**CIDs**

These entities were established to enable projects at local communities' initiative, to provide services over and above the services provided by the City of Cape Town.

Percentage owned		<b>Special rating areas</b>	
Arm's-length transactions for the year			
Receivables		-	(2)
Service charges		24	22
Levies		86 823	78 967

**CMTF**

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 of Cape Town to CMTF amounted to R69,75 million (2011: R76,49 million).

Percentage owned		<b>Administrator</b>	
Arm's-length transactions for the year			
Funds held on behalf of CMTF	69 746	76 488	69 746
Grants and transfers received	30 049	32 824	30 049
Interest paid	4 354	5 055	4 354
Revenue collected	4 814	4 080	4 814

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

**Epping CID**

A director and member of key management is also the sole member of Just For You Business Support Services CC

Arm's-length transactions for the year:

Just For You Business Support Services CC	830	784	-
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**KCT**

The KCT ceased to be a municipal entity as from 1 July 2011 when the City of Cape Town relinquished effective control over the entity. The trust was established to upliftment the Khayelitsha community through development of the central business district and other community facilities. At 2011 the amount owing by the trust to the City of Cape Town was R1,22 million.

Percentage owned

Arm's-length transactions for the year:

	Trust	Trust
Receivables	1 104	1 104
Grants	5 401	5 401

**Municipality of Cape Town**

No members of management have significant influence over the financial or operating policies of the above entities.

**Executive management**

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.



## 50.2 Remuneration of management

## Mayoral committee members

## Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Car Allowance R'000	Social Contribution R'000
<b>2012</b>				
Executive Mayor				
Alderman P. de Lille	1 050	893	157	-
Executive Deputy Mayor/Finance				
Alderman I.D. Neilson	829	628	112	89
Safety and Security Services				
Alderman J.P. Smith	778	606	106	66
Corporate Services				
Alderman D.L. Qually	778	606	106	66
Economic, Environment and Spatial Planning				
Alderman V.M. Walker	778	606	106	66
Social and Early childhood Development				
Councillor B.A. Cortje-Alcock	779	590	106	83
Health				
Councillor L.V. James	779	673	106	-
Community Services				
Councillor T. Gqada	779	673	106	-
Transport, Roads and Stormwater				
Councillor B.N. Herron	779	673	106	-
Tourism, Events and Marketing				
Councillor G.I. Pascoe	778	606	106	66
Utility Services				
Councillor S. Sims	778	673	105	-
Housing				
Councillor E.J. Sonnenberg	778	590	105	83
	<b>9 663</b>	<b>7 817</b>	<b>1 327</b>	<b>519</b>

## Analysis of remuneration benefits

## 2011

	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
<b>Executive Mayor</b>				
Alderman D. Plato (till 20/05/2011)	887	587	210	90
Alderman P. de Lille (w.e.f 01/06/2011)	83	63	20	-
<b>Executive Deputy Mayor / Finance</b>				
Alderman I.D. Neilson	765	502	179	84
<b>Safety and Security Services</b>				
Alderman J.P. Smith	719	490	169	60
<b>Corporate Services and human resources</b>				
Alderman V.M. Walker (till 20 /05/2011)	657	449	154	54
Alderman D.L. Qually (w.e.f 01/06/2011)	62	47	15	-
<b>Economic, Environment and spatial planning</b>				
Alderman V.M. Walker (appointed 01/06/2011)	61	41	15	5
<b>Social and Early Childhood Development</b>				
Councillor B.A. Cortje-Alcock	62	47	15	-
<b>Health</b>				
Councillor D.L. Ximbi (till 05/05/2011)	622	411	145	66
Councillor L.V. James (w.e.f 01/06/2011)	62	47	15	-
<b>Community Services</b>				
Councillor B.N. Herron (till 20/05/2011)	657	505	152	-
Councillor T. Gqada (w.e.f 01/06/2011)	62	47	15	-
<b>Transport, Roads and Stormwater</b>				
Councillor E.L. Thompson (till 20/05/2011)	655	448	155	52
Councillor B.N Herron (w.e.f 01/06/2011)	62	47	15	-
<b>Tourism, Events and Marketing</b>				
Councillor G.J. Pascoe (w.e.f 01/06/2011)	61	41	15	5
<b>Utility Services</b>				
Councillor C.R Justus (till 20/05/2011)	658	432	157	69
Councillor S. Sims (w.e.f 01/06/2011)	62	47	15	-
<b>Housing</b>				
Councillor S. Sims (till 20/05/2011)	657	503	154	-
Councillor E.J. Sonnenberg w.e.f 01/06/2011)	62	47	15	-
<b>Planning and Environment</b>				
Councillor M.J. Nieuwoudt (till 20/05/2011)	657	449	154	54
<b>Economic Development and Tourism</b>				
Councillor F. Purchase (till 20/05/2011)	658	432	157	69
	<b>8 231</b>	<b>5 682</b>	<b>1 941</b>	<b>608</b>

## Executive management

## Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allowance R'000	Social contri- bution R'000	Travel and subsistence R'000	Relocation Allowance R'000
<b>2012</b>							
<b>City Manager</b>							
A. Ebrahim	1 914	1 532	138	-	242	2	-
<b>Deputy City Manager</b>							
M. Marsden (appointed 01/01/2012)	1 035	789	138	-	108	-	-
<b>Community Services</b>							
L. Mtswazi	1 508	1 140	112	84	172	-	-
<b>Corporate Services</b>							
D.P. Beretti (contract ended 31/12/2012)	1 140	843	184	30	83	-	-
L. Mbandazayo (acting 01/01/2012-31/01/2012)	92	78	-	4	10	-	-
F. Habib (appointed 01/02/2012)	307	234	-	-	-	-	73
<b>Economic, Environment and Spatial Planning</b>							
M. Mohammed (contract ended 31/10/2011)	386	310	-	24	52	-	-
C. Walters (acting 01/11/2011-31/01/2012)	341	237	58	13	33	-	-
J. Hugo (appointed 01/02/2012)	611	598	-	-	13	-	-
<b>Finance</b>							
M.J. Richardson (contract ended 31/12/2011)	891	611	124	59	97	-	-
J. Steyl (acting 01/01/2012-29/02/2012)	188	143	-	22	22	1	-
K. Jacoby (appointed 01/03/2012)	564	369	-	54	66	-	75
<b>Health</b>							
Dr I.K. Bromfield	1 405	912	177	133	183	-	-
<b>Integrated Human Settlement Services</b>							
J.A. Smit (contracted ended 31/12/2012)	951	752	110	-	89	-	-
S Maqetuka (acting 01/01/2012-30/06/2012)	725	640	-	-	85	-	-
<b>Safety and Security</b>							
R. Bosman	1 447	1 090	104	95	158	-	-
<b>Social and Early Childhood Development</b>							
N.B. Biko (appointed 03/01/2012-30/06/2012)	683	682	-	-	1	-	-
<b>Tourism, Events and Marketing</b>							
A. Groenewald (appointed 01/02/2012)	611	610	-	-	1	-	-
<b>Transport, Roads and Stormwater</b>							
M.G. Marsden (contract ended 31/12/2011)	735	636	-	-	99	-	-
M. Whitehead (appointed 16/01/2012)	753	677	-	-	1	-	75
<b>Utility Services</b>							
L. Dhlamini	1 409	1 134	52	42	176	5	-
<b>CTICC</b>							
R. Toefy	1 501	1 322	179	-	-	-	-
	<b>19 197</b>	<b>15 339</b>	<b>1 376</b>	<b>560</b>	<b>1 691</b>	<b>8</b>	<b>223</b>

## Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allowance R'000	Social contri- bution R'000	Travel and Subsis- tance R'000	Relocati on Allowan ce R'000
<b>2011</b>							
City Manager							
A. Ebrahim	1 940	1 334	375	-	217	14	-
Community Development							
L.M. Mtwazi	1 563	1 024	305	84	150	-	-
Corporate Services							
D.P. Beretti	1 597	1 069	298	60	159	11	-
Economic and Social Development							
M. Mohamed	1 407	930	235	72	155	15	-
Finance							
M.J. Richardson	1 550	957	305	117	171	-	-
Health							
Dr I.K. Bromfield	1 429	851	282	133	163	-	-
Integrated Human Settlement Services							
J.A. Smit	1 517	1 051	298	-	168	-	-
Safety and Security							
R.G. Bosman	1 313	931	149	95	138	-	-
Strategy and Planning							
P.S. van Zyl (resigned 31/10/2010)	803	489	298	16	-	-	-
Transport, Roads and Stormwater							
M.G. Marsden	1 728	1 197	339	-	189	3	-
Utility Services							
L.T. Dhlamini (w.e.f 13/12/2010)	1 634	1 164	264	47	159	-	-
CTICC							
R. Toefy	1 314	1 167	147	-	-	-	-
	<b>17 795</b>	<b>12 164</b>	<b>3 295</b>	<b>624</b>	<b>1 669</b>	<b>43</b>	<b>-</b>

The comparative figure of the previous year has been restated due to inadvertent inclusion of the Internal Audit Executive remuneration who does not meet the criteria as defined in the Accounting Standards for disclosure. The 2011 amount of R17,79 million has been restated from R19,23 million.

## 51. EVENTS AFTER REPORTING DATE

The Entity is currently finalising a loan agreement with the Agence Francaise de Developpement (AFD). In this regard Council approved the raising of an amount of 200 million Euros, denominated in rand, for the funding of its 2011/12 to 2014 capital programme.

	Effective interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2011 R'000	Received during the year 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 2012 R'000
<b>LOCAL REGISTERED STOCK</b>									
ABSA Nominees	14,650	830011508	2014	7 047	-	-	-	-	7 047
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond Transaction costs	-	-	-	(3 633)	-	-	-	283	(3 350)
<b>Total local registered stock</b>				<b>4 278 903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283</b>	<b>4 279 186</b>
<b>CONCESSIONARY LOANS</b>									
Nedcor Bank	1,000	830000920	2019	14	-	-	2	-	16
DBSA	5,000	830012028	2020	30 343	-	-	1 033	4 000	27 376
<b>Total concessionary loans</b>				<b>30 357</b>	<b>-</b>	<b>-</b>	<b>1 035</b>	<b>4 000</b>	<b>27 392</b>
<b>OTHER LOANS</b>									
FirstRand Bank	12,920	830000880	2013	41 643	-	-	-	21 018	20 625
DBSA	12,250	83001051	2015	103 910	-	5 574	-	12 989	96 495
FirstRand Bank	12,631	830003504	2017	183 268	-	-	-	6 939	176 329
ABSA Bank	10,900	830007011	2018	140 000	-	-	-	20 000	120 000
DBSA	10,590	83001050	2018	237 413	-	11 667	-	16 958	232 122
FirstRand Bank	12,046	830009531	2018	176 746	-	7 045	-	20 000	163 791
DBSA	9,420	830012035	2020	84 000	-	-	-	9 333	74 667
DBSA	9,639	830013000	2022	153 334	-	-	-	13 334	140 000
DBSA	10,565	830013507	2022	153 334	-	-	-	13 334	140 000
<b>Total other loans</b>				<b>1 273 648</b>	<b>-</b>	<b>24 286</b>	<b>-</b>	<b>133 905</b>	<b>1 164 029</b>
<b>FINANCE LEASES</b>									
Investec	14,343	830000870	2011	4 284	-	-	-	4 284	-
Nedbank	14,540	830000860	2012	61 997	-	(4 514)	-	57 483	-
<b>Total finance leases</b>				<b>66 281</b>	<b>-</b>	<b>(4 514)</b>	<b>-</b>	<b>61 767</b>	<b>-</b>
<b>Total Municipality of Cape Town</b>				<b>5 649 189</b>	<b>-</b>	<b>19 772</b>	<b>1 035</b>	<b>199 389</b>	<b>5 470 607</b>
<b>OTHER LOANS - Controlled entities</b>									
CID Claremont Road Co.: DBSA	-	-	2023	18 621	-	-	-	915	17 706
CID Zwaanswyk: Loans from members	9,000	-	2014	-	431	-	-	-	431
CID Epping: Standard Bank Pty	9,500	-	2014	484	-	-	-	94	390
<b>Total controlled entities</b>				<b>19 105</b>	<b>431</b>	<b>-</b>	<b>-</b>	<b>1 009</b>	<b>18 527</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>5 668 294</b>	<b>431</b>	<b>19 772</b>	<b>1 035</b>	<b>200 398</b>	<b>5 489 134</b>



## Appendix C: Segmental statement of financial performance for the year ended 30 June 2012

2011				BUSINESS UNITS	2012			
Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)		Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)
R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000
Restated <sup>1</sup>	Restated <sup>1</sup>							
<b>11 648 598</b>	<b>10 441 351</b>	<b>1 207 247</b>	<b>1 009 770</b>		<b>13 286 510</b>	<b>11 495 521</b>	<b>1 790 989</b>	<b>1 474 777</b>
321 260	740 357	(419 097)	(444 051)	<b>Rates and general</b>	366 835	821 685	(454 850)	(489 631)
5	14 607	(14 602)	(17 498)	City Health	9	11 218	(11 209)	(17 070)
130 822	1 542 440	(1 411 618)	(1 420 574)	City Manager	153 216	1 700 941	(1 547 725)	(1 552 899)
30 957	485 524	(454 567)	(269 006)	Community Services	120 754	598 720	(477 966)	(218 717)
24 245	53 860	(29 615)	(44 046)	Corporate Services	10 497	87 126	(76 629)	(63 913)
84 354	561 616	(477 262)	(463 102)	Deputy City Manager	80 539	585 705	(505 166)	(529 213)
1 577 837	1 084 627	493 210	595 407	Economic, Environment and Spatial Planning	1 818 905	1 022 120	796 785	431 807
7 695 912	1 655 516	6 040 396	5 575 284	Finance	8 195 135	1 768 718	6 426 417	6 281 716
236 883	1 509 275	(1 272 392)	(1 378 008)	Rates and Other	229 213	1 718 699	(1 489 486)	(1 530 737)
104	44 598	(44 494)	(51 601)	Safety and Security	2 178	79 832	(77 654)	(97 305)
164 397	548 798	(384 401)	(518 373)	Social and Early Childhood Development	23 202	453 001	(429 799)	(528 473)
668 822	1 374 190	(705 368)	(455 742)	Tourism, Events and Marketing	1 323 038	1 679 918	(356 880)	(237 711)
713 000	825 943	(112 943)	(98 920)	Transport, Roads and Stormwater	962 989	967 838	(4 849)	26 923
				Human settlements				
<b>13 717 179</b>	<b>13 099 961</b>	<b>617 218</b>	<b>773 487</b>	<b>Utility services</b>	<b>15 645 876</b>	<b>14 917 231</b>	<b>728 645</b>	<b>744 519</b>
1 814 050	1 704 152	109 898	51 992	Waste management	1 947 658	1 797 834	149 824	71 108
1 514 272	1 487 398	26 874	118 267	Wastewater management	1 850 384	1 709 727	140 657	166 735
2 856 893	2 988 824	(131 931)	(3 719)	Water	3 040 375	3 015 976	24 399	(16 138)
7 531 964	6 919 587	612 377	606 947	Electricity	8 807 459	8 393 694	413 765	522 814
<b>238 910</b>	<b>230 837</b>	<b>8 073</b>	<b>7 195</b>	<b>Subsidiaries</b>	<b>240 978</b>	<b>226 421</b>	<b>14 557</b>	<b>2 871</b>
155 163	151 064	4 099	7 195	Cape Town International Convention Centre (Pty) Ltd	148 847	138 058	10 789	2 347
83 747	79 773	3 974	-	City improvement districts	92 131	88 363	3 768	524
<b>25 604 687</b>	<b>23 772 149</b>	<b>1 832 538</b>	<b>1 790 452</b>	Subtotal	<b>29 173 364</b>	<b>26 639 173</b>	<b>2 534 191</b>	<b>2 222 167</b>
4 984 088	4 984 088	-	-	Interdepartmental charges	5 337 826	5 337 826	-	-
<b>20 620 599</b>	<b>18 788 061</b>	<b>1 832 538</b>	<b>1 790 452</b>	<b>Total economic entity before taxation</b>	<b>23 835 538</b>	<b>21 301 347</b>	<b>2 534 191</b>	<b>2 222 167</b>

1. See note 47 for more details.

## Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

National and Provincial grant funds 2011/2012									
Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
<b>National Government</b>									
2010 FIFA World Cup: Green Point	Sport and Recreation	(7 550)	-	-	-	1 157	(376)	-	(6 769)
Accreditation: Development Support	State Housing	(3 095)	-	-	772	576	-	-	(1 747)
Budget Reform Funds	National Treasury	(416)	(1 250)	-	1 187	90	-	-	(389)
Department of Environmental Affairs and Tourism: DANIDA	Environmental Affairs	(3 537)	-	3 552	1	-	(16)	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(22)	(270)	-	193	-	-	-	( 99)
Department of Environmental Affairs and Tourism: Carbon Offset Programme	Environmental Affairs	(297)	-	298	-	-	(1)	-	-
DME - INEP	Energy	939	(4 386)	-	-	3 551	-	(104)	-
Energy Efficiency Electricity Demand Side Management	National Treasury	(1 524)	(35 087)	-	995	28 962	-	-	(6 654)
Expanded Public Works Incentive Grant	National Treasury	-	(9 279)	-	-	-	-	-	(9 279)
Health and Hygiene education: Informal Settlements	Water	(58)	-	-	47	-	-	-	(11)
Implementation Water Demand	Water	(7 261)	-	-	7 070	295	-	(104)	-
LGSETA: Environmental Internship Programme	Environmental Affairs	(254)	-	-	237	-	-	-	(17)
Municipal Infrastructure Grants	National Treasury	(63 547)	-	63 547	-	-	-	-	-
Neighbourhood Development Programme	National Treasury	(52 038)	(74 200)	-	1 200	88 990	(3 427)	-	(39 475)
Park and Ride	National Treasury	-	-	( 824)	-	824	-	-	-
Public Transport and Infrastructure	Transport	(426 721)	(1 608 300)	824	87 809	842 212	(86 246)	-	(1 190 422)
Restructuring Grant - Seed Funding	National Treasury	(9 938)	-	-	2 244	961	-	-	(6 733)
Smart Living Handbook	Water	(66)	-	-	-	-	(4)	-	(70)
Telecommunications Equipment Cape Town Stadium	National Treasury	-	(69 089)	-	-	69 089	-	-	-
Urban Renewal	National Treasury	(73 664)	-	-	7 952	20 026	-	-	(45 686)
Urban Settlement Development Grant	National Treasury	-	(824 030)	-	23 244	729 919	-	-	(70 867)
Water Demand Side	Water	(984)	-	-	287	-	-	-	(697)
<b>Total national government transfers and grants</b>		<b>(650 033)</b>	<b>(2 625 891)</b>	<b>67 397</b>	<b>133 238</b>	<b>1 786 652</b>	<b>(90 070)</b>	<b>(208)</b>	<b>(1 378 915)</b>
ABET Adult Education	Education	(8)	(9)	-	-	8	-	-	(9)
Accreditation Assistance	Human Settlements	(10 085)	(10 000)	-	1 094	-	(696)	-	(19 687)
Athlone Stadium General Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	-	(1 742)
Atlantis - Wesfleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	(323)
Atlantis Thusong Multi Purpose Centre	Cultural Affairs and Sport	-	(500)	-	322	-	-	-	(178)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Belhar Pentech	Human Settlements	(132)	-	132	-	-	-	-	-
Bokmakierie / Hazendal Infill 3	Human Settlements	(2 681)	-	-	-	-	-	-	(2 681)
Bonteheuwel Multi Purpose Centre	Cultural Affairs and Sport	(766)	-	766	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(11 630)	-	-	-	66	-	-	(11 564)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(9 713)	(815)	-	5 621	-	(304)	-	(5 211)



Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(24)	-	-	-	-	(1)	-	(25)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Coastal Zone Development Guidelines Framework	Environmental Affairs and Development Planning	(57)	-	58	-	-	(1)	-	-
Community Residential Units	Human Settlements	(109 658)	(150 729)	-	1 062	305 967	-	(61 657)	(15 015)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sportfield Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(5 302)	-	-	1 932	-	-	-	(3 370)
Delft: The Hague	Human Settlements	(4)	-	4	-	-	-	-	-
Dial-a-Ride	Transport and Public Works	(8 698)	(10 000)	-	8 600	-	(325)	-	(10 423)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	(6 230)	5 340	6 313	-	-	(5 423)	-
Driftsands UISP	Human Settlements	(260)	-	260	-	-	-	-	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(286)	(13)	-	-	-	-	-	(299)
E Business Project	Treasury	(1 712)	-	-	-	-	(95)	-	(1 807)
Echo Road Housing Project	Human Settlements	(34)	-	-	30	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 439)	-	-	33	-	(134)	-	(2 540)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(137)	-	-	197	-	-	(60)	-
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	-	-	-	-	-	(44)
Enkanani Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)
Establishment Grants	Human Settlements	(1 417)	(1 318)	-	838	-	(102)	-	(1 999)
Facilitation Grants	Human Settlements	(184)	(126)	-	48	-	(13)	-	(275)
False Bay Ecology	Economic Development and Tourism	-	(1 000)	-	-	-	(21)	-	(1 021)
Fire Detection Surveillance Cameras	Human Settlements	(65)	-	-	-	-	(4)	-	(69)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Global Fund	Health	(2 397)	-	-	-	-	(133)	-	(2 530)
Global Fund Anti Retroviral	Health	-	(14 913)	2 487	14 413	300	-	(2 287)	-
Global Fund Community Base Response Project	Health	-	(3 969)	1 211	3 507	-	-	(749)	-
Government Grant Community Development Workers	Human Settlements	(881)	-	-	160	-	(48)	-	(769)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(42)	-	-	-	-	(2)	-	(44)
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	-	(483)	206	192	-	-	-	(85)
Happy Valley - Blackheath	Human Settlements	(53 939)	-	53 892	47	-	-	-	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(335)	-	-	7	65	(18)	-	(281)

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-
HIV/AIDS Community Based Response Projects	Health	-	(62 075)	6 596	65 450	-	-	(9 971)	-
Hostels Phase 2 Housing	Human Settlements	(976)	-	(28)	8	-	-	-	(996)
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(585)	(1 000)	12	572	-	-	-	(1 001)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 464)	-	-	-	37	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kewtown Infill Development	Human Settlements	(265)	-	-	73	-	-	-	(192)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(17)	-	-	-	-	(1)	-	(18)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(787)	-	-	-	-	(44)	-	(831)
Khayelitsha Poverty Reduction Programme	Social Development	(2 521)	-	-	-	-	(140)	-	(2 661)
Khayelitsha Site C Subsidies	Human Settlements	(19 369)	-	-	14 867	-	(582)	-	(5 084)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(250)	-	-	246	-	-	-	(4)
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Law Enforcement Officers	Cultural Affairs and Sport	-	(755)	-	142	-	-	-	(613)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Luvuyo Clinic Extension	Health	-	(1 148)	194	-	997	-	(44)	(1)
Macassar Treatment Works	Human Settlements	(8 000)	-	-	-	-	-	-	(8 000)
Mamre 55 Houses	Environmental Affairs and Development Planning	-	-	-	2	-	-	(2)	-
Mandela Park Sports Fields: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Infill / The Downs	Human Settlements	(2)	-	2	-	-	-	-	-
Manenberg Sport Complex Upgrade	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(56)	(74)	-	38	-	-	-	(92)
Masiphumelele Tra	Human Settlements	(805)	-	-	-	-	(45)	-	(850)
Masiphumelele Amakhaya Ngoku	Human Settlements	(1 857)	(12 406)	-	1 863	-	(630)	-	(13 030)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Transport Fund	Transport and Public Works	-	-	(30 049)	11 988	18 061	-	-	-
Mfuleni and Strand 12 Houses	Human Settlements	-	-	-	20	-	-	(20)	-
Mfuleni EPH Tra	Human Settlements	(1 779)	-	-	1 561	-	-	-	(218)
Mfuleni Ext 3	Human Settlements	(157)	-	-	28	-	-	-	(129)
Mfuleni Ext 4 Housing	Human Settlements	(341)	-	-	9	-	-	-	(332)
Mfuleni Flood Relief Project	Human Settlements	(3 067)	-	-	62	-	-	-	(3 005)

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
Mfuleni MLS Topstructure	Human Settlements	(215)	-	-	2	-	-	-	(213)
Mitchell's Plain Infill Phase 1	Human Settlements	(3 108)	(1 379)	-	287	-	-	-	(4 200)
Mitchell's Plain Youth and Family Development Centre	Social Development	(655)	-	-	-	-	(36)	-	(691)
Mitchell's Plain TA2	Human Settlements	(369)	-	-	93	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(941)	-	-	-	-	(52)	-	(993)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(515)	-	-	-	350	-	-	(165)
Nutrition Supplement Programme	Health	-	(3 754)	120	4 018	-	-	(384)	-
Nyanga Upgrading Project	Human Settlements	-	(240)	240	-	-	-	-	-
Ocean View / Mountain View	Human Settlements	-	(368)	368	-	-	-	-	-
Ocean View Infill	Human Settlements	(10)	-	10	-	-	-	-	-
Philippi Business Park Planning	Environmental Affairs and Development Planning	(91)	-	93	-	-	(2)	-	-
Philippi East Top Structures	Human Settlements	(3 650)	(7 367)	-	9 488	-	-	-	(1 529)
Philippi Planning for Development	Environmental Affairs and Development Planning	(57)	-	58	-	-	(1)	-	-
Philippi East Market	Agriculture	(531)	-	-	-	-	(30)	-	(561)
Philippi East Phase 5	Human Settlements	(30)	(162)	-	25	51	-	-	(116)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix Top Structures	Human Settlements	-	-	41	-	-	-	(41)	-
Phoenix UISP	Human Settlements	(142)	-	-	-	-	-	-	(142)
Peoples Housing Project	Human Settlements	(32 262)	(102 092)	25	97 571	-	(3 055)	(4 741)	(44 554)
Phumlani Transfers	Human Settlements	(24)	-	-	-	-	-	-	(24)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(1 211)	-	-	1 057	-	(23)	-	(177)
Public Library Fund	Cultural Affairs and Sport	(3 334)	(21 336)	-	16 335	5 500	(515)	-	(3 350)
Redhill Informal Settlement	Human Settlements	(244)	-	-	-	-	(14)	-	(258)
River Clean and Green Project	Environmental Affairs and Development Planning	(359)	-	-	-	-	(20)	-	(379)
Rondevlei Housing Project	Human Settlements	(242)	-	-	94	-	-	-	(148)
SANRAL Emergency Project 1600 Units	Human Settlements	(8 089)	-	-	8 089	-	-	-	-
Social Economic Facilities Programme	Human Settlements	-	(3 655)	1 650	-	5 216	-	(3 860)	(649)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(5 175)	-	-	4 033	-	-	-	(1 142)
Site C Survey and Subdivision	Human Settlements	(1 877)	-	-	1 577	68	-	-	(232)
Somerset West Housing Project	Human Settlements	(3 632)	(1 6 000)	-	15 468	-	-	-	(4 164)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Spatial Planning District Plans	Environmental Affairs and Development Planning	(3)	-	3	-	-	-	-	-

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met - transferred to liabilities R'000
					Operating	Capital			
					R'000	R'000			
Table Mountain Biosphere	Environmental Affairs and Development Planning	(136)	-	-	129	-	-	-	(7)
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(1 209)	(11 893)	-	9 492	-	-	-	(3 610)
Temperance Town	Human Settlements	-	(5 380)	118	5 179	-	-	-	(83)
Upgrade Heinz Park Haal	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement Stn	Environmental Affairs and Development Planning	(26)	-	-	-	-	-	-	(26)
Vaccines	Health	-	(68 443)	10 725	71 476	-	-	(13 758)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(2 959)	-	-	-	2 869	(134)	-	(224)
Vrygrond	Human Settlements	(32)	(5)	-	2	-	-	-	(35)
Vrygrond (EPH)	Human Settlements	(251)	-	-	25	-	(14)	-	(240)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(17 286)	-	68	973	914	-	(204)	(15 535)
Watergate Phase A	Cultural Affairs and Sport	-	(4 000)	-	-	3 723	(149)	-	(426)
Witsand Housing Project Phase 1,2	Human Settlements	(14 911)	-	14 727	-	-	-	-	(184)
<b>Total provincial government transfers and grants</b>		<b>(390 963)</b>	<b>(523 637)</b>	<b>69 948</b>	<b>386 758</b>	<b>344 192</b>	<b>(7 384)</b>	<b>(103 820)</b>	<b>(224 906)</b>
<b>Analysis of grants and subsidies</b>									
Total national government transfers and grants		(650 033)	(2 625 891)	67 397	133 238	1 786 652	(90 070)	( 208)	(1 378 915)
Total provincial government transfers and grants		(390 963)	(523 637)	69 948	386 758	344 192	(7 384)	(103 820)	(224 906)
		<b>(1 040 996)</b>	<b>(3 149 528)</b>	<b>137 345</b>	<b>519 996</b>	<b>2 130 844</b>	<b>(97 454)</b>	<b>(104 028)</b>	<b>(1 603 821)</b>









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