

CITY OF CAPE TOWN

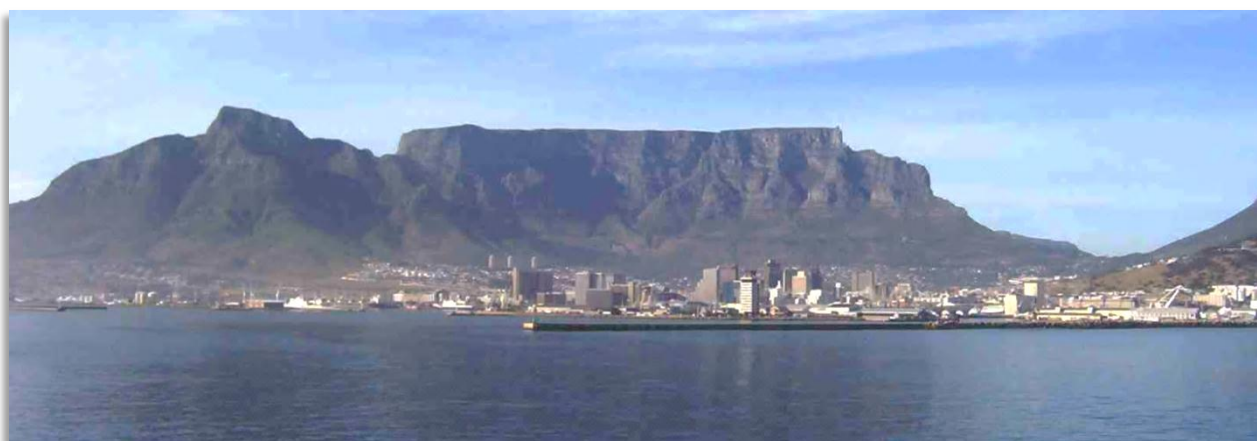


UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

Auditor-General: 30/08/2013

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Reporting Entity's Mandate

The City of Cape Town 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 City 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 City'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.

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2013, as set out on pages 12 to 72 in terms of section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 30 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.



Achmat Ebrahim
City Manager

Date: 30 August 2013



Executive Mayor
Alderman De Lille, P

Speaker
Alderman Smit, JD
Chief Whip
Alderman Serritslev, AM



Executive Deputy Mayor
Alderman Neilson, ID

Members of the Mayoral Committee

- | | |
|-----------------------------|--|
| ▪ Alderman Neilson, ID | Finance |
| ▪ Alderman Smith, JP | Safety and Security Services |
| ▪ Alderman Qually, DL | Corporate Services |
| ▪ Alderman Walker, B | Community Services |
| ▪ Councillor Bloor, GM | Economic, Environment and Spatial planning |
| ▪ Councillor Gqada, T | Human Settlements |
| ▪ Councillor Herron, BN | Transport, Roads and Stormwater |
| ▪ Councillor James, LV | Health |
| ▪ Councillor Little, SA | Social and Early Childhood Development |
| ▪ Councillor Pascoe, GI | Tourism, Events and Marketing |
| ▪ Councillor Sonnenberg, EJ | Utility Services |

Members of the Audit Committee

- | | |
|----------------|------------------------------|
| ▪ Manjra, Z | Chairperson |
| ▪ Essa, F | Member |
| ▪ Dr Fisher, S | Member |
| ▪ Gunther, J | Member |
| ▪ Kajee, MY | Member (resigned 15/08/2012) |
| ▪ Moloko, K | Member |
| ▪ Roos, M | Member |

Auditors

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

Private Bag X1
Chempet
7442

Bankers

ABSA Capital
1st floor
163 Uys Krige Street
Platteklouf
7500

PO Box 4110
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, AN	Gqada, T	Makeleni, LC	Pretorius, IJ
Abrahams, A	Gqola, TL	Mamba, K	Pringle, SB
Abrahams, FL	Green, AM	Mamkeli, S	Pupa, T
Abrahams, MM	Griesel, AJ	Mangali, T	Purchase, F
Adams, A	Gwangxu, X	March, GW	Qoba, ZL
Adams, Y	Gympies, SC	Marman, PI	Qually, DL
Akim, WJ	Hadebe, B	Marlow, J	Rass, B
America, D	Hansen, B	Matanzima, V	Rau, R
Amira, D	Hassiem, W	Matha, MS	Raymond, FHL
Andrews, EP	Haywood, M	Maxheke, JJ	Rossouw, SJ
Anstey, E	Hebe, LA	Maxiti, P	Sakathi, T
Arendse, MT	Hendricks, MGE	Mbandezi, S	Schäfer, BA
Arendse, R	Herron, BN	Mbonde, ME	Scheepers, CJ
Arendse, SWP	Heuvel, JA	McCarthy, J	Serritslev, AM
August, SN	Heynes, PC	Mfusi, VN	Sikhakhane, N
Badela, DE	Hinana, EN	Mhlanga, C	Siljeur, GR
Basson, JA	Honono, TT	Middleton, JH	Simons, RS
Bazier, R	Hoor, RM	Mkutswana, MA	Sitonga, MC
Beneke, R	Hoosain, J	Mngxunyeni, PM	Slabbert, JD
Bent, NL	Isaacs, LI	Mofoko, NM	Smit, JD
Bew, CB	Isaacs, VR	Morkel, KH	Smith, J
Bloor, GM	Iversen, I	Moses, AC	Sonnenberg, E
Brady, WE	Jackson, IR	Moshani, NA	Sono, NP
Bredenhand, JC	Jacobs, BM	Mphila, D	Sopaqa, MM
Brenner, HI	Jacobs, J	Msindwana, ME	Sotashe, X
Britz, MT	Jaffer, L	Mxolose, WS	Taylor, MJ
Brunette, EN	Jafftha, WD	Mzalisi, MN	Thomas, CR
Bryant, DW	James, LV	Ndamase, T	Thomas, GHJ
Brynard, CA	Janse van Rensburg, C	Ndongeni, AX	Thompson, TB
Burger, JHH	Jansen van Vuuren, MI	Ndzulwana, N	Thuynsma, J
Cavanagh, GV	Jefferies, IK	Neilson, ID	Timm, G
Cerfontein, C	Jordaan, C	Ngqame, YA	Toko, MS
Chapple, PH	Jordaan, LD	Ngqose, NS	Twigg, GG
Christians, DJ	Justus, CR	Ngqu, PM	Uys, TA
Christians, FC	Kannenber, ACK	Nguzo, M	Van Dalen, B
Claasen, CPV	Kearns, F	Nieuwoudt, MJ	Van der Merwe, B
Clayton, CC	Kempthorne, ML	Nikelo, M	Van der Merwe, CG
Cottee, DG	Khatshwa, DM	Nkohla, L	Van der Merwe, JFH
Crous, AC	Kleinsmith, ME	Nkuzana, FM	Van der Rhee, A
D'Alton, DJ	Komeni, AL	Nonkeyizana, S	Van der Walt, ML
Davids, MM	Kopman, NF	Notana, E	Van Minnen, BM
De Lille, P	Krynauw, J	Nqavashe, ML	Van Wyk, CHS
Diamond, SP	Landingwe, NJ	Nqulwana, M	Velem, M
Dudley, D	Lategan, KH	Ntotoviyane, C	Venter, JD
Dyantyi, VD	Le Roux, B	Ntsodo, A	Viljoen, R
East, PA	Leputhing, CN	Nyakatya, NC	Visser, J
Ehrenreich, AJ	Liell-Cock, SP	O'Connell, RA	Vos, J
Else, D	Limberg, XT	Oliver, MJ	Vuba, ST
Esau, CJ	Little, SA	Pakela-Mapasa, XB	Walker, B
Fourie, A	Mabandla, M	Pascoe, GI	Watkins, BRW
Fourie, GD	Maci, L	Peter, XG	Weavers, M
Francke, P	Mack, CJ	Petersen, MJ	Williams, A
Gabier, A	Makanda, MN	Philander, S	Yalezo, S
Gabriel, PJ	Makasi, N	Pienaar, S	Yozi, SK
Gabuza, A	Makeleni, K	Pietersen, MP	Zondani, LG

		2013 R'000	2012 R'000
	Note		Restated ¹
ASSETS			
Non-current assets			
		28 940 451	24 772 497
Property, plant and equipment	1	28 343 832	24 217 257
Heritage assets	2	9 411	12 742
Investment property	3	191 945	192 478
Intangible assets	4	125 500	100 432
Investments	6	168 098	150 260
Long-term receivables	7	101 665	99 328
Current assets			
		12 906 142	10 736 025
Assets classified as held for sale	5	-	43
Inventory	8	256 550	253 008
Receivables	9	4 172 233	3 979 256
Receivables from exchange transactions		2 993 801	2 756 953
Receivables from non-exchange transactions		1 178 432	1 222 303
Other receivables	10	290 496	272 741
Other receivables from exchange transactions		135 652	114 904
Other receivables from non-exchange transactions		154 844	157 837
Investments	6	3 430 794	2 883 387
Current portion of long-term receivables	7	20 546	19 758
Cash and cash equivalents	11	4 735 523	3 327 832
TOTAL ASSETS		41 846 593	35 508 522
LIABILITIES			
Non-current liabilities			
		11 488 749	9 252 622
Borrowings	12	6 936 236	5 176 421
Provisions	13	4 552 513	4 076 201
Current liabilities			
		7 900 648	7 242 430
Deposits	14	308 217	274 944
Provisions	15	1 817 235	1 025 777
Payables from exchange transactions	16	4 428 983	3 924 015
Unspent conditional grants and receipts	17	858 556	1 665 752
Value added tax	18	69 491	57 756
Current portion of borrowings	12	418 166	294 186
Total liabilities		19 389 397	16 495 052
NET ASSETS			
Total net assets			
		22 457 196	19 013 470
Housing Development Fund	19	504 356	521 463
Reserves	20	1 793 464	1 770 255
Accumulated surplus	21	20 159 376	16 721 752
TOTAL NET ASSETS AND LIABILITIES		41 846 593	35 508 522

1. Comparative restated: see note 45 for more details.

Statement of Financial Performance for the year ended 30 June 2013

Budget			Actual	
2013 R'000	2012 R'000		2013 R'000	2012 R'000
				Restated ¹
14 633 409	13 196 756	REVENUE	14 850 813	13 249 123
13 464 792	12 081 851	Exchange revenue	13 099 805	11 986 765
303 006	263 608	Service charges	306 606	256 528
482 538	410 761	Rental of letting stock and facilities	547 228	561 761
33 120	30 046	Finance income	41 844	41 471
115 992	115 993	Licences and permits	132 469	123 651
164 961	209 497	Agency services	636 114	234 803
69 000	85 000	Other income	86 747	44 144
		Gains on disposal of property, plant and equipment		
13 002 029	10 691 041	Non-exchange revenue	12 512 641	10 404 464
106 869	89 508	City Improvement Districts (CIDs)	106 869	89 508
5 161 136	4 697 744	Property rates	5 161 502	4 712 098
1 706 690	1 637 276	Fuel levy	1 706 690	1 637 276
172 827	172 963	Fines	100 524	144 394
5 790 109	4 009 151	Government grants and subsidies	5 394 440	3 757 835
64 398	84 399	Public contributions	42 616	63 353
27 635 438	23 887 797	Total revenue	27 363 454	23 653 587
		EXPENDITURE		
7 638 200	7 003 138	Employee-related costs	7 446 199	6 924 527
112 904	108 786	Remuneration of councillors	111 673	97 772
1 015 167	1 056 384	Impairment costs	933 922	845 842
179 040	170 729	Collection costs	183 024	166 380
1 581 891	1 360 823	Depreciation and amortisation expenses	1 620 275	1 372 096
749 285	766 367	Finance costs	729 174	681 533
6 509 473	5 697 676	Bulk purchases	6 391 186	5 705 263
2 825 552	2 289 083	Contracted services	2 825 946	2 193 662
108 830	106 248	Grants and subsidies paid	103 144	103 492
3 715 975	3 109 268	General expenses	3 573 742	3 095 735
-	-	Losses on disposal of property, plant and equipment	1 443	1 724
24 436 317	21 668 502	Total expenditure	23 919 728	21 188 026
3 199 121	2 219 295	Surplus from operations	3 443 726	2 465 561
3 199 121	2 219 295	SURPLUS FOR THE YEAR	3 443 726	2 465 561

1. Comparative restated: see note 45 for more details.

Statement of Changes in Net Assets for the year ended 30 June 2013

2011**Balance at 30 June 2011**

Correction of error - Staff bonuses

Restated balance at 30 June 2011¹**2012****Restated surplus¹**

Surplus at 30 June 2012 - previously reported

Correction of errors

Transfer to/(from)

Property, plant and equipment purchased

Balance at 30 June 2012**2013**

Surplus for the year

Transfer to/(from)

Property, plant and equipment purchased

Balance at 30 June 2013

Housing development fund	Capital replacement reserve	Self-insurance reserve	Accumulated surplus	Total
R'000	R'000	R'000	R'000	R'000
539 070	1 186 371	585 163	14 369 652	16 680 256
-	-	-	(132 347)	(132 347)
539 070	1 186 371	585 163	14 237 305	16 547 909
-	-	-	2 465 561	2 465 561
-	-	-	2 507 284	-
-	-	-	(41 723)	-
(9 088)	818 572	(88 981)	(720 503)	-
(8 519)	(730 870)	-	739 389	-
521 463	1 274 073	496 182	16 721 752	19 013 470
-	-	-	3 443 726	3 443 726
3 899	619 686	15 561	(639 146)	-
(21 006)	(612 038)	-	633 044	-
504 356	1 281 721	511 743	20 159 376	22 457 196

1. Comparative restated: see note 45 for more details.

Cash Flow Statement for the year ended 30 June 2013

		2013	2012
		R'000	R'000
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		24 358 283	22 359 438
Cash paid to suppliers and employees		(18 846 080)	(17 019 721)
Cash generated from operations	37	<u>5 512 203</u>	<u>5 339 717</u>
Finance income		592 319	563 873
Finance costs		(685 650)	(661 761)
NET CASH FROM OPERATING ACTIVITIES		<u><u>5 418 872</u></u>	<u><u>5 241 829</u></u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and other		(5 780 762)	(4 233 245)
Proceeds on disposal of assets		93 472	45 983
Decrease in assets held for sale		-	83
(Increase)/decrease in long-term receivables		(3 125)	15 633
Increase in investments		(573 148)	(736 806)
NET CASH FROM INVESTING ACTIVITIES		<u><u>(6 263 563)</u></u>	<u><u>(4 908 352)</u></u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2 384 420	-
Repayment of borrowings		(165 311)	(198 354)
Increase in deposits		33 273	41 452
NET CASH FROM FINANCING ACTIVITIES		<u><u>2 252 382</u></u>	<u><u>(156 902)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38	1 407 691	176 575
Cash and cash equivalents at the beginning of the year		3 327 832	3 151 257
Cash and cash equivalents at the end of the year		<u><u>4 735 523</u></u>	<u><u>3 327 832</u></u>

Statement of comparison of budget and actual amounts for the year ended 30 June 2013

	Note	Actual R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION						
40.2.1						
Total non-current assets		28 940 451	29 891 064	30 034 934	1 094 483	3,64
Total current assets	i	12 906 142	9 113 527	12 059 201	(846 941)	(7,02)
Total Assets		41 846 593	39 004 591	42 094 135	247 542	(0,59)
Total non-current liabilities		11 488 749	11 344 930	11 761 696	272 947	2,32
Total current liabilities		7 900 648	5 875 515	7 865 654	(34 994)	(0,44)
Total Liabilities		19 389 397	17 220 445	19 627 350	237 953	(1,21)
Total net assets		22 457 196	21 784 146	22 466 785	9 589	(0,04)
Total net assets and liabilities		41 846 593	39 004 591	42 094 135	247 542	0,59
STATEMENT OF FINANCIAL PERFORMANCE						
40.2.2						
Service charges		13 099 805	13 339 039	13 464 792	364 987	2,71
Rental of letting stock and facilities		306 606	278 754	303 006	(3 600)	(1,19)
Finance income	i	547 228	481 236	482 538	(64 690)	(13,41)
Licences and permits	ii	41 844	33 121	33 120	(8 724)	(26,34)
Agency services	iii	132 469	115 993	115 992	(16 477)	(14,21)
Other income	iv	742 983	267 082	271 830	(471 153)	(173,33)
Gains on disposal of property, plant and equipment	v	86 747	69 000	69 000	(17 747)	(25,72)
Property rates		5 161 502	5 124 299	5 161 136	(366)	(0,01)
Fuel levy		1 706 690	1 706 690	1 706 690	-	-
Fines	vi	100 524	160 917	172 827	72 303	41,84
Government grants and subsidies	vii	5 394 440	5 550 273	5 790 109	395 669	6,83
Public contributions	viii	42 616	110 080	64 398	21 782	33,82
Total revenue		27 363 454	27 236 484	27 635 438	271 984	0,98
Employee-related costs		7 446 199	7 777 521	7 638 200	192 001	2,51
Remuneration of councillors		111 673	122 384	112 904	1 231	1,09
Impairment costs	i	933 922	1 012 531	1 015 167	81 245	8,00
Collection costs		183 024	182 830	179 040	(3 984)	(2,23)
Depreciation and amortisation expenses		1 620 275	1 422 591	1 581 891	(38 384)	(2,43)
Finance costs		729 174	768 508	749 285	20 111	2,68
Bulk purchases		6 391 186	6 441 273	6 509 473	118 287	1,82
Contracted services		2 825 946	2 579 847	2 825 552	(394)	(0,01)
Grants and subsidies paid	ii	103 144	50 606	108 830	5 686	5,22
General expenses		3 573 742	4 004 334	3 715 975	142 233	3,83
Losses on disposal of property, plant and equipment		1 443	-	-	(1 443)	-
Total expenditure		23 919 728	24 362 425	24 436 317	516 589	2,11
Surplus for the year		3 443 726	2 874 059	3 199 121	(244 605)	(7,65)
CASH FLOW STATEMENT						
Net cash from (used) operating		5 418 872	4 726 735	5 260 693	(158 179)	(3,01)
Net cash from (used) investing		(6 263 563)	(5 803 342)	(6 139 458)	124 105	(2,02)
Net cash from (used) financing		2 252 382	1 925 729	2 257 023	4 641	0,21
Net (decrease)/increase in cash and cash equivalents		1 407 691	849 122	1 378 258	(29 433)	(2,14)
CAPITAL EXPENDITURE						
40.2.3						
City Health	i	22 778	27 460	31 899	9 121	28,59
City Manager	ii	188	252	224	36	16,07
Community Services	iii	178 223	198 523	192 140	13 917	7,24
Corporate Services		232 756	250 029	237 997	5 241	2,20
Deputy City Manager	iv	27 124	26 948	31 438	4 314	13,72
Economic, Environment and Spatial Planning	v	41 429	52 457	43 667	2 238	5,13
Finance	vi	21 613	48 975	52 205	30 592	58,60
Safety and Security	vii	55 708	52 433	58 703	2 995	5,10
Social and Early Childhood Development	viii	6 791	11 658	9 590	2 799	29,19
Tourism, Events and Marketing	ix	91 036	77 050	102 455	11 419	11,15
Transport, Roads and Stormwater		2 493 517	2 335 654	2 623 876	130 359	4,97
Human Settlements	x	569 708	603 872	647 213	77 505	11,98
Solid Waste Management		208 174	245 506	214 174	6 000	2,80
Water and Sanitation	xi	596 642	693 040	689 347	92 705	13,45
Cape Town Electricity		1 235 075	1 302 753	1 286 881	51 806	4,03
Total ¹		5 780 762	5 926 610	6 221 809	441 047	7,09

1. The actual capital expenditure amount does not include the contributed assets amount of R2,53 million. See Appendix B.

ACCOUNTING POLICIES

GENERAL INFORMATION

The address of the City of Cape Town's registered office and principal place of business is disclosed under "General information" while the Entity's principal activities are described under "Reporting entity's mandate" at the start of these annual financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

The financial statements have been prepared in accordance with the standard 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 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 City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – City as lessor

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

Pension and other post-employment benefits

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

Impairment of receivables

The calculation in respect of the impairment of receivables 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.

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

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 estimated 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

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

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

Adoption of new and revised standards

In the current year, the City has adopted all new and revised standards and interpretations issued by the 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 City has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. 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 2013 the following standards had been issued but were not yet effective:

- Annual periods commencing on or after 1 April 2013:
 - GRAP 25 - Employee benefits
- No effective dates provided 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.

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 City to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

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

Unrealised housing proceeds

In order to comply with section 14(4)(d)(i) and (ii) of the Housing Act, 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 City creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition 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 purchasing items of property, plant and equipment, and not for their maintenance.
- 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 covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

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

Compensation for occupational injuries and diseases (COID) reserve

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act 130 of 1993).

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

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds 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, the cost is deemed to be the item's 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 City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

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
Infrastructure		Other	
Roads and paving	10-50	Buildings	20-50
Electricity	20-30	Specialise vehicles	8-20
Water	15-30	Other vehicles	5-10
Sewerage	15-20	Office equipment	3-10
Housing	30	Furniture and fittings	10
		Watercraft	5
Community		Bins and containers	5
Recreational facilities	20-30	Plant and equipment	5
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.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation, and are stated at cost less accumulated depreciation. 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 properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

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 when 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 surplus or deficit in the period of the retirement or disposal.

Direct income and expenses arising from investment property is disclosed as part of general income and expenses and thus not disclosed separately as it is not material.

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.

Heritage assets are stated at cost, less accumulated impairment losses. 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.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

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.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

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

Intangible assets are amortised on the straight-line basis over the useful lives of the assets, estimated at five to ten years. The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

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. Properties are identified as held for sale following a Council decision to dispose of properties that are no longer required for municipal purposes and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification.

Non-current assets and disposal groups classified as held-for-sale will cease to be classified as such when the recognition criteria are 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. The entity shall classify all the assets and liabilities of a controlled entity as held for sale when an entity is committed to a sales plan involving the loss of control in a controlled entity.

IMPAIRMENT OF CASH AND NON-CASH-GENERATING ASSETS

The City 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 City 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 costs to sell and value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and value in use. The value in use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

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

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

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

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

GRANTS AND RECEIPTS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the City, meet the definition and criteria for the recognition of an asset.

A corresponding liability is recognised to the extent that the grant, transfer or donation recognised as an asset, is subject to conditions which require that the entity either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants, transfers or donations, are met. Grants, transfers or donations subject to no conditions are recognised as revenue when the asset is initially recognised.

Interest earned on the investment of grants, transfers and donations received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant, transfer or donation invested. Where interest is applicable it is included in the opening and closing balances.

PROVISIONS

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

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 City's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance. The discount rate has not been risk-adjusted.

EMPLOYEE BENEFITS

Retirement benefit plans

The City provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

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 triannually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from 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 or conditions of service, couldn't join or be part of the various pension funds. The City contributes monthly to the funds.

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

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

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year that they occur.

Medical aid: Continued members

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the City is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the City will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the City's decision on protected rights. Post-retirement medical contributions paid by the City, 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 actuarial gains and losses, and past service costs.

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

The City provides long service leave to eligible employees, payable on completion of years of employment. The City's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are 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 City, and when 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 City's right to receive payment is established.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

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

- The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The City retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be 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 duly 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 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, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City. Donations are measured at fair value.

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 56 of 2003), and is recognised when the recovery thereof from the responsible party.

LEASES**The City as lessee**

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

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

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

The City as lessor

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

GRANTS-IN-AID

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

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

These transfers are recognised in the statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the City becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to 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 City has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

Investments at cost

Residual interests that do not have a quoted market price in an active market, and 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 City has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Financial liabilities

After initial recognition, the City measures all financial liabilities, including 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 or cancelled or when it 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. 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 City will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.

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; or expenditure in the form of a grant that is not permitted in terms of the MFMA (Act 56 of 2003). Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the MFMA (Act 56 of 2003), MSA (Act 32 of 2000) and Remuneration of Public Office Bearers Act (Act 20 of 1998) or that is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted in the financial statement and, where recovered, is subsequently accounted for as revenue in the same statement.

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 in the financial statement and, where recovered, is subsequently accounted for as revenue in the same statement.

SERVICES IN-KIND

The city 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.

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

Management is regarded as a related party, and comprises the councillors, 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 in which they are incurred.

In some cases, certain construction activities 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 by way of 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, as 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 the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the notes to the annual financial statements.

The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by Council both 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 off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set 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

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2013							
Land and buildings	1 532 488	94 755	117 273	-	(27 614)	(7 104)	1 709 798
Infrastructure	13 428 939	(405 083)	2 754 460	-	(711 933)	-	15 066 383
Community	5 676 045	215 534	325 213	(7)	(260 863)	(6)	5 955 916
Leased assets	-	-	-	-	-	-	-
Other	2 672 611	351	2 471 054	(5 926)	(544 022)	-	4 594 068
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	-	1 017 667
TOTAL	24 217 257	(4 950)	5 736 433	(6 207)	(1 591 591)	(7 110)	28 343 832

(See Appendix B for more detail)

As at 30 June 2012							
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
TOTAL	21 474 791	(41 655)	4 170 487	(3 549)	(1 355 425)	(27 392)	24 217 257

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

The City is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate. See note 45.2.

Fully depreciated assets at an original cost of R731,91 million (2012: R1,24 billion) are still in use.

The value in use of impaired land is based on an estimation of the percentage of that land that will generate future cash flows or value in use. The recoverable amount of impaired assets is R3,91 million (2012: R15,55 million). Impairment losses arise mainly from land purchased that is earmarked for low cost housing where the cost of land won't be recovered.

2. HERITAGE ASSETS

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
As at 30 June 2013					
Assets under construction	3 634	(3 634)	330	-	330
Paintings and art galleries	9 108	(27)	-	-	9 081
TOTAL	12 742	(3 661)	330	-	9 411

(See Appendix B for more detail)

As at 30 June 2012					
Assets under construction	3 552	(268)	350	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108
TOTAL	11 914	482	350	(4)	12 742

Heritage assets are held at cost as it is impractical to determine the fair value of these heritage assets.

3. INVESTMENT PROPERTY**As at 30 June 2013**

Vacant land
Land and buildings

TOTAL

Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
147 498	-	1 076	-	148 574
44 980	20	-	(1 629)	43 371
192 478	20	1 076	(1 629)	191 945

(See Appendix B for more detail)

As at 30 June 2012

Vacant land
Land and buildings

TOTAL

38 366	-	109 132	-	147 498
46 633	-	-	(1 653)	44 980
84 999	-	109 132	(1 653)	192 478

4. INTANGIBLE ASSETS**As at 30 June 2013**

Computer software (acquired separately)

(See Appendix B for more detail)

Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
100 432	6 673	45 450	(27 055)	125 500

As at 30 June 2012

Computer software (acquired separately)

44 884	41 163	29 403	(15 018)	100 432
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5. ASSETS CLASSIFIED AS HELD FOR SALE**As at 30 June 2013**

Land held for sale

(See Appendix B for more detail)

Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
43	(43)	-	-

As at 30 June 2012

Land held for sale

126	10	(93)	43
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Assets held for sale are generally land and/or buildings that have been sold during the year but on which transfer has not taken place. Transfers can take up to six months to be completed.

Non-current assets held for sale are held at cost as the fair values are higher than cost and no gains or losses were recognised on the re-measurement of those assets.

6. INVESTMENTS

As at 30 June 2013

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	60 746	-	-	60 746
Sinking-fund deposits – see note 12 and 39	80 157	820 718	-	900 875
Other fixed deposits	3 438 398	-	-	3 438 398
Deposits held with fund managers	-	3 713 527	-	3 713 527
Shares in CTICC	-	-	284 000	284 000
	3 579 301	4 534 245	284 000	8 397 546
Provision for impairment	(5 328)	-	(245 232)	(250 560)
Net investments	3 573 973	4 534 245	38 768	8 146 986
Current portion transferred to short-term investments	(6 315)	(3 424 479)	-	(3 430 794)
Current portion transferred to cash and cash equivalents – see note 11	(3 438 328)	(1 109 766)	-	(4 548 094)
TOTAL	129 330	-	38 768	168 098

Investments detailed as follows:

Balance at the beginning of the year	1 593 806	4 595 400	38 768	6 227 974
Capital invested	22 739 895	2 100 000	-	24 839 895
Investments matured	(20 888 712)	(2 450 000)	-	(23 338 712)
Recognised in the statement of financial performance	128 984	288 845	-	417 829
Finance income	128 984	301 386	-	430 370
Losses on valuation of investments	-	(7 903)	-	(7 903)
Transaction cost	-	(4 638)	-	(4 638)
Balance at the end of the year	3 573 973	4 534 245	38 768	8 146 986

As at 30 June 2012

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	50 013	-	-	50 013
Sinking-fund deposits – see note 12 and 39	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)
Net investments	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)
TOTAL	111 492	-	38 768	150 260

Investments detailed as follows:

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)
Balance at the end of the year	1 593 806	4 595 400	38 768	6 227 974

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,48 million (2012: R0,47 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The City has not issued fixed deposits as security since 2000, however, interest earned on certain deposits are still being capitalised. The City's exposure to risk is minimised by an assurance policy taken out by the employee and ceded to the City to cover the guaranteed deposit.

Cape Town International Convention Centre (Pty) Ltd

The carrying amount of the City's investment in Convenco, R284 million, has been compared with its share of the present value of Convenco's estimated future cash flows discounted at a market related rate of interest. As at 30 June 2013, the value of the previous financial year end was maintained as the change in value was considered insignificant. The impairment loss provision at 30 June 2013 is therefore maintained at R245,23 million (2012: 245,23million).

Compensation for Occupational Injuries and Diseases (COID investments)

The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the Occupational Injuries and Diseases Act, 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

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

Balance as at 30 June

	2013	2012
	R'000	R'000
	1 033	1 194
	947	1 026
	2 992	16 569
	7 672	20 756
	(4 680)	(4 187)
	117 239	100 297
	155 944	178 591
	(38 705)	(78 294)
	122 211	119 086
	(20 546)	(19 758)
	101 665	99 328
	82 481	97 060
	(39 096)	(14 579)
	43 385	82 481

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 20-40 years.

Housing land sale

The long term loan to the Khayelitsha Community Trust (sale of portion 1-3, Erf 58856) is 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 are repayable over 30 years. With the implementation of new legislation (MFMA and Housing Act 107), 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 School.

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 8,5% per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

8. INVENTORY

	2013 R'000	2012 R'000
Consumable stores	210 755	206 251
Medical supplies	786	310
Spare parts and meters	18 530	22 634
Water	12 792	15 070
Other goods held for resale	13 687	8 743
TOTAL	256 550	253 008

Inventory to the value of R803 263 (2012: R5,40 million) was scrapped during the year. Inventories (excluding bulk water) that were recognised as issues during the year amounted to R851,76 million (2012: R823,11 million), of which a portion was capitalised.

9. RECEIVABLES**As at 30 June 2013****From exchange transactions**

	Gross balance R'000	Provision for impairment R'000	Net balance R'000
	6 230 054	(3 236 253)	2 993 801
Service debtors	5 170 784	(2 548 961)	2 621 823
Housing rental stock	487 603	(421 438)	66 165
Housing selling stock	357 476	(261 089)	96 387
Other exchange debtors	214 191	(4 765)	209 426

From non-exchange transactions

Rates debtors	1 955 806	(800 238)	1 155 568
Other non-exchange debtors	31 455	(8 591)	22 864

TOTAL

8 217 315	(4 045 082)	4 172 233
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As at 30 June 2012**From exchange transactions**

	Gross balance R'000	Provision for impairment R'000	Net balance R'000
	6 171 246	(3 414 293)	2 756 953
Service debtors	5 156 925	(2 640 642)	2 516 283
Housing rental stock	470 135	(419 818)	50 317
Housing selling stock	389 288	(343 309)	45 979
Other exchange debtors	154 898	(10 524)	144 374

From non-exchange transactions

Rates debtors	1 929 496	(734 060)	1 195 436
Other non-exchange debtors	59 770	(32 903)	26 867

TOTAL

8 160 512	(4 181 256)	3 979 256
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As at 30 June 2013, the City's receivables balance included an amount of approximately R106,37 million (2012: R120,36 million), owed by National Government and the Provincial Government.

Reconciliation of impairment provision

	2013 R'000	2012 R'000
Balance at beginning of the year	4 181 256	3 815 533
Contributions to provisions	885 350	803 015
Transfers (from) provisions	(17 054)	(40)
Bad debts written off	(1 004 470)	(437 252)
Balance as at 30 June	4 045 082	4 181 256

Reconciliation of impairment provision

In determining the recoverability of a receivable, the City 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 2013	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
From exchange transactions							
Electricity	1 321 140	896 663	119 640	40 545	16 945	111 397	135 950
Provision for impairment	(154 439)	(13 988)	(1 866)	(633)	(264)	(1 738)	(135 950)
	1 166 701	882 675	117 774	39 912	16 681	109 659	-
Water	2 389 548	354 779	71 395	66 740	73 117	469 512	1 354 005
Provision for impairment	(1 533 672)	(61 555)	(12 387)	(11 579)	(12 686)	(81 460)	(1 354 005)
	855 876	293 224	59 008	55 161	60 431	388 052	-
Waste management	390 415	51 520	17 550	12 676	12 556	74 904	221 209
Provision for impairment	(221 209)	-	-	-	-	-	(221 209)
	169 206	51 520	17 550	12 676	12 556	74 904	-
Wastewater management	1 069 681	171 089	33 296	30 839	34 777	215 810	583 870
Provision for impairment	(639 641)	(19 642)	(3 822)	(3 540)	(3 992)	(24 775)	(583 870)
	430 040	151 447	29 474	27 299	30 785	191 035	-
Housing rental stock	487 603	47 661	15 676	8 155	9 074	85 761	321 276
Provision for impairment	(421 438)	(28 702)	(9 440)	(4 911)	(5 464)	(51 645)	(321 276)
	66 165	18 959	6 236	3 244	3 610	34 116	-
Housing selling stock	357 476	82 351	4 383	3 874	2 066	35 256	229 546
Provision for impairment	(261 089)	(20 386)	(1 004)	(961)	(514)	(8 678)	(229 546)
	96 387	61 965	3 379	2 913	1 552	26 578	-
Other exchange debtors	214 191	321 648	(23 282)	(31 246)	(10 284)	(24 784)	(17 861)
Provision for impairment	(4 765)	(31 361)	2 270	3 046	1 003	2 416	17 861
	209 426	290 287	(21 012)	(28 200)	(9 281)	(22 368)	-
Gross exchange debtors	6 230 054	1 925 711	238 658	131 583	138 251	967 856	2 827 995
Provision for impairment	(3 236 253)	(175 634)	(26 249)	(18 578)	(21 917)	(165 880)	(2 827 995)
From non-exchange transactions							
Rates debtors	1 955 806	734 580	(16 333)	65 568	62 974	339 625	769 392
Provision for impairment	(800 238)	(19 098)	424	(1 705)	(1 637)	(8 830)	(769 392)
	1 155 568	715 482	(15 909)	63 863	61 337	330 795	-
Other non-exchange debtors	31 455	15 474	2 249	1 415	1 298	4 899	6 120
Provision for impairment	(8 591)	(1 509)	(219)	(138)	(127)	(478)	(6 120)
	22 864	13 965	2 030	1 277	1 171	4 421	-
Gross non-exchange debtors	1 987 261	750 054	(14 084)	66 983	64 272	344 524	775 512
Provision for impairment	(808 829)	(20 607)	205	(1 843)	(1 764)	(9 308)	(775 512)
Gross debtors	8 217 315	2 675 765	224 574	198 566	202 523	1 312 380	3 603 507
Total provision for impairment	(4 045 082)	(196 241)	(26 044)	(20 421)	(23 681)	(175 188)	(3 603 507)
TOTAL	4 172 233	2 479 524	198 530	178 145	178 842	1 137 192	-

Included in the column not due, are debtors to the value of R642,62 million (2012 : R634,76 million), who have made arrangements to repay their outstanding arrear debt over a renegotiated period and amounts invoiced after year-end, which relate to the financial year under review.

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
From exchange transactions							
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)
	1 024 668	784 116	101 468	38 785	(4 961)	105 260	-
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)
	856 458	307 893	9 500	62 744	74 509	401 812	-
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)
	196 039	86 274	3 860	13 140	14 683	78 082	-
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)
	439 118	195 054	(33 521)	35 652	42 155	199 778	-
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)
	50 317	11 517	4 575	3 085	3 056	28 084	-
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)
	45 979	19 297	3 988	1 437	1 366	19 891	-
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
	144 374	238 147	(23 512)	(26 298)	(20 492)	(23 471)	-
Gross exchange debtors	6 171 246	1 821 102	75 490	153 566	138 347	1 000 586	2 982 155
Provision for impairment	(3 414 293)	(178 804)	(9 132)	(25 021)	(28 031)	(191 150)	(2 982 155)
From non-exchange transactions							
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)
	1 195 436	679 363	(6 098)	65 408	111 290	345 473	-
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)
	26 867	45 126	(26 968)	1 377	1 538	5 794	-
Gross non-exchange debtors	1 989 266	739 631	(35 736)	67 959	114 750	357 331	745 331
Provision for impairment	(766 963)	(15 142)	2 670	(1 174)	(1 922)	(6 064)	(745 331)
Gross debtors	8 160 512	2 560 733	39 754	221 525	253 097	1 357 917	3 727 486
Total provision for impairment	(4 181 256)	(193 946)	(6 462)	(26 195)	(29 953)	(197 214)	(3 727 486)
TOTAL	3 979 256	2 366 787	33 292	195 330	223 144	1 160 703	-

10. OTHER RECEIVABLES**As at 30 June 2013****From exchange transactions**

Payments made in advance
Property rentals
Other exchange debtors

From non-exchange transactions

Government subsidies
Other non-exchange debtors

TOTAL

	Gross balance R'000	Provision for impairment R'000	Net balance R'000
	187 799	(52 147)	135 652
Payments made in advance	803	-	803
Property rentals	72 135	(42 792)	29 343
Other exchange debtors	114 861	(9 355)	105 506
	154 844	-	154 844
Government subsidies	107 506	-	107 506
Other non-exchange debtors	47 338	-	47 338
TOTAL	342 643	(52 147)	290 496

As at 30 June 2012**From exchange transactions**

Payments made in advance
Property rentals
Other exchange debtors

From non-exchange transactions

Government subsidies
Other non-exchange debtors

TOTAL

	Gross balance R'000	Provision for impairment R'000	Net balance R'000
	160 703	(45 799)	114 904
Payments made in advance	497	-	497
Property rentals	71 678	(38 354)	33 324
Other exchange debtors	88 528	(7 445)	81 083
	157 837	-	157 837
Government subsidies	106 883	-	106 883
Other non-exchange debtors	50 954	-	50 954
TOTAL	318 540	(45 799)	272 741

Included in other exchange debtors is an amount of R25,06 million (2012: R24,93 million) for VAT owed by the SARS.

The 2012 comparative amount of R272,74 million has been restated from R305,95 million. See note 45.

Reconciliation of impairment provision

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

Balance as at 30 June

	2013 R'000	2012 R'000
Balance at beginning of the year	45 799	60 649
Contributions to/(from) provisions	6 797	(14 730)
Bad debt written off	(449)	(120)
Balance as at 30 June	52 147	45 799

In determining the recoverability of other receivables, the City 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.

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
As at 30 June 2013							
From exchange transactions							
Payments made in advance	803	803	-	-	-	-	-
	803	803	-	-	-	-	-
Property rentals	72 135	7 152	16 500	858	(2 904)	7 737	42 792
Provision for impairment	(42 792)	-	-	-	-	-	(42 792)
	29 343	7 152	16 500	858	(2 904)	7 737	-
Other exchange debtors	114 861	94 595	5 325	92	241	6 216	8 392
Provision for impairment	(9 355)	(110)	(17)	(8)	(25)	(803)	(8 392)
	105 506	94 485	5 308	84	216	5 413	-
Gross exchange debtors	187 799	102 550	21 825	950	(2 663)	13 953	51 184
Provision for impairment	(52 147)	(110)	(17)	(8)	(25)	(803)	(51 184)
From non-exchange transactions							
Government subsidies	107 506	107 506	-	-	-	-	-
Other non-exchange debtors	47 338	47 338	-	-	-	-	-
Gross non-exchange debtors	154 844	154 844	-	-	-	-	-
Gross debtors	342 643	257 394	21 825	950	(2 663)	13 953	51 184
Total provision for impairment	(52 147)	(110)	(17)	(8)	(25)	(803)	(51 184)
TOTAL	290 496	257 284	21 808	942	(2 688)	13 150	-

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
As at 30 June 2012							
From exchange transactions							
Payments made in advance	497	497	-	-	-	-	-
	497	497	-	-	-	-	-
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)
	33 324	4 410	14 720	2 002	2 009	10 183	-
Other exchange debtors	88 528	74 230	4 229	92	123	2 622	7 232
Provision for impairment	(7 445)	(52)	15	(1)	(9)	(166)	(7 232)
	81 083	74 178	4 244	91	114	2 456	-
Gross exchange debtors	160 703	80 124	19 678	2 538	2 578	15 065	40 720
Provision for impairment	(45 799)	(1 039)	(714)	(445)	(455)	(2 426)	(40 720)
From non-exchange transactions							
Government subsidies	106 883	106 883	-	-	-	-	-
Other non-exchange debtors	50 954	50 954	-	-	-	-	-
Gross non-exchange debtors	157 837	157 837	-	-	-	-	-
Gross debtors	318 540	237 961	19 678	2 538	2 578	15 065	40 720
Total provision for impairment	(45 799)	(1 039)	(714)	(445)	(455)	(2 426)	(40 720)
TOTAL	272 741	236 922	18 964	2 093	2 123	12 639	-

11. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	2013 R'000	2012 R'000
Bank balance	146 726	98 651
ABSA - Primary bank account	146 726	97 705
Salary bank account	-	-
Cashiers bank account	-	-
General income account (primary)	-	-
Traffic fines bank account	-	-
IRT funding account	-	301
IRT funding account	-	325
IRT funding account	-	320
IRT investment account	-	-
IRT bank account	-	-
Year-end accruals	(170)	(246)
Interest accrual	395	275
Bank charges accrual	(565)	(521)
	146 556	98 405
Cash on hand and in transit	40 873	35 100
Call and term deposits	3 438 328	1 482 277
Amortised cost	3 625 757	1 615 782
Call and term deposits	1 098 128	1 697 774
Bank accounts managed by fund managers*	11 638	14 276
City of Cape Town	21	477
City of Cape Town	1 163	361
City of Cape Town	-	-
City of Cape Town	4 889	611
City of Cape Town	-	-
City of Cape Town	-	-
City of Cape Town	1 184	934
City of Cape Town	3 174	10 771
City of Cape Town	345	778
City of Cape Town	862	344
	1 109 766	1 712 050
TOTAL	4 735 523	3 327 832

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

*These bank accounts were opened with ABSA Bank Ltd for the purpose of the withdrawal and investment of funds by the various fund managers on behalf of the City of Cape Town in terms of a Power of Attorney provided to each of the fund managers.

12. BORROWINGS

Local registered stock loans	4 282 536	4 279 186
Concessionary loans	2 071 323	27 392
Other loans	1 000 543	1 164 029
Subtotal - see Appendix A for more details	7 354 402	5 470 607
Current portion transferred to current liabilities	(418 166)	(294 186)
TOTAL	6 936 236	5 176 421

A total of R900,88 million (2012: R641,65 million) has been ring-fenced for the repayment of long-term liabilities - see note 6 and 39 for more details.

	2013 R'000	2012 R'000
LOCAL REGISTERED STOCK	4 282 536	4 279 186
ABSA Nominees (Pty) Ltd	7 047	7 047
Secured bond bearing interest at a fixed rate of 14,65% per annum, payable semi-annually. As security, a sinking fund was established, which, together with interest capitalized, will be used to settle the original loan liability on 31 March 2014.		
Listed Bonds	4 275 489	4 272 139
In terms of the City's DMTN programme, registered on the Johannesburg Stock Exchange (JSE) Limited unsecured bonds totaling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 1,16% to 12,57% per annum. 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 capitalized and were written off during the current financial year. Sinking funds have been established for the repayment of the bonds.		
CONCESSIONARY LOANS	2 071 323	27 392
Agence Francaise De Developpement (AFD)	2 046 972	-
An unsecured loan of R2,38 billion bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal installments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028.		
Nedcor Bank	19	16
An unsecured loan bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019.		
DBSA	24 332	27 376
An unsecured fixed-term concessionary loan bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal installments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.		
OTHER LOANS	1 000 543	1 164 029
DBSA	583 891	683 284
Unsecured loans bearing interest at fixed rates ranging between 9,42% to 12,25% per annum, repayable semi-annually in equal installments of capital, with interest payable on the reducing balance. These loans have various final redemptions, ranging from 30 June 2015 to 31 December 2022.		
ABSA Bank	100 000	120 000
An unsecured loan bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal installments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.		
FirstRand Bank	148 465	163 791
A structured 15-year loan to the value of R300 million bearing interest at a fixed rate of 12,05% per annum, of which, R74,30 million is repayable semi-annually in equal installments of capital and fixed interest over 15 years, and the balance of R225,70 million payable in one installment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.		
As part of the loan structure, the City purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand Bank and 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 City has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the City's obligations to FirstRand Bank under the put-option agreement and any other debt liability		

2013	2012
R'000	R'000

FirstRand Bank

A structured 15-year loan to the value of R220 million of which, R200 million is repayable semi-annually in equal installments of capital and fixed-rate interest over 15 years, and the balance of R20 million payable in one installment, together with fixed interest on 30 June 2017. The loan bears interest at a fixed rate of 12,63% per annum. 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.

168 187

176 329

As part of the loan structure, the City 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 City has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the City's obligations to FirstRand Bank under the policies and any other debt liability.

FirstRand Bank

A structured 15-year loan to the value of R150 million bearing interest at a rate of 17,29% per annum, repayable semi-annually in equal installments of capital and interest.

-

20 625

As part of the loan structure, the City entered into a loan-and-leaseback agreement. The City leased moveable electricity assets with a market value of R150 million to FirstRand Bank for 20 years. Rental was payable in three installments 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 City over 15 years, with rentals payable out of the deposit account from 2003 to 2013, which reduced to zero on 30 June 2013. The City has ceded its rights to repayment of the deposit to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.

TOTAL - see Appendix A for more details

7 354 402

5 470 607

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 changes to, or interpretation of, the Income Tax Act (Act 58 of 1962) or any other relevant legislation that affects on the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

SHORT-TERM DEBT FACILITIES

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

2013	2012
R'000	R'000

Performance guarantee and/or letter of credit

15 000

15 000

Business travel card

2 000

2 000

Daylight limit

2 000 000

1 000 000

Business credit card

-

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 City 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 City to obtain goods and services on credit. It entails moneys lent and advanced.

Daylight limit

A daylight limit is a facility that enables the City 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)

	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement health care benefits R'000	Post-retirement pension benefits R'000	Total R'000
As at 30 June 2013					
Balance at the beginning of the year	376 815	328 839	3 355 259	15 288	4 076 201
Interest cost	24 638	31 536	279 834	1 286	337 294
Service cost	44 522	26 116	92 359	462	163 459
Benefit payments	(38 696)	-	(139 183)	(1 576)	(179 455)
Actuarial losses	42 144	-	83 461	39 598	165 203
Transferred from current provisions (prior year)	36 256	6 500	211 176	1 716	255 648
	485 679	392 991	3 882 906	56 774	4 818 350
Transfer to current provision	(49 059)	(60 000)	(154 653)	(2 125)	(265 837)
TOTAL	436 620	332 991	3 728 253	54 649	4 552 513

Long-service leave benefits

An actuarial valuation has been performed of the City's liability for long-service leave benefits relating to vested leave benefits, to which employees may become entitled upon completion of 10 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 2013 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 7,65% (2012: 6,28%) per annum has been used.

2013	2012
%	%

Key financial assumptions

Discount rate	7,6	6,3
General inflation rate (consumer price index)	5,8	4,9
Salary increase	6,8	5,9

Environmental rehabilitation

Provision is made in terms of the City's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The valuation of waste landfill sites has been conducted internally, based on the detailed report of the actuarial valuation conducted the previous year by external consultants.

The key cost parameters upon which the valuation is based for the present and previous financial years are briefly as follows:

- an annual inflation rate of 5,60% (2012: 5,2%) and discounted to present values at the average borrowing cost of 9,81% (2012: 10,59%).
- the scheduled dates of total closure and rehabilitation are at present anticipated to take place between 2014 and 2025.

Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the City'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 46.4 for more details.

2013	2012
R'000	R'000

14. DEPOSITS

Electricity and water	305 337	272 795
Other deposits	2 880	2 149
	308 217	274 944

Guarantees held in lieu of electricity and water deposits were R13,18 million (2012: R38,60 million). Deposits are released when the owner/occupant of a property terminates the contract with the City to supply water and electricity to the property, or when certain contractual services are delivered.

15. PROVISIONS (CURRENT)

	Opening balance 2013 R'000	Raised from statement of financial performance R'000	Reversed to statement of financial performance R'000	Transfers from non-current R'000	Closing balance 2013 R'000
Other provisions	326 542	853 220	(97 623)	-	1 082 139
Insurance claims	8 976	10 255	(8 976)	-	10 255
Post-retirement benefits	212 892	-	(212 892)	156 778	156 778
Environmental rehabilitation	6 500	-	(6 500)	60 000	60 000
Leave benefits	470 867	24 393	(36 256)	49 059	508 063
TOTAL	1 025 777	887 868	(362 247)	265 837	1 817 235

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2013, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

Staff leave

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

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	2013 R'000	2012 R'000
Trade creditors	3 040 810	2 589 119
Payments received in advance	809 319	800 480
Inter-company advances	44 584	69 746
Third-party payments	263 563	238 908
Other creditors	270 707	225 762
TOTAL	4 428 983	3 924 015

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.

The 2012 comparative amount of R3,92 billion has been restated from R3,78 billion. See note 45.1.

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

	797 039	1 603 821
National Government	527 091	1 378 915
Provincial Government Western Cape - other	269 948	224 906

Other conditional receipts

Public contributions	61 517	61 931
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TOTAL	858 556	1 665 752
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These amounts are separately invested in terms of Section 12 of the MFMA. See note 27 and 28 for more details of grants from National and Provincial Government as well as public contributions.

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	
Impairment	
VAT receivable	
TOTAL NET VAT PAYABLE	

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

19. HOUSING DEVELOPMENT FUND**Realised housing proceeds**

Balance at beginning of the year	404 597	406 818
Income	40 017	47 781

Land sales	3 244	6 513
Repayments long-term debtors	30 777	29 775
Repayments public organisations	1 514	2 031
Service contributions	4 406	5 321
Subsidy refunds and other	76	4 141

Interest	17 784	19 912
Expenditure	(70 241)	(55 333)

Funding capital projects	(21 006)	(8 519)
Funding operating projects	(49 235)	(46 814)

Non-cash transfer to provision for impairment	(8 032)	(14 581)
Balance at end of the year	384 125	404 597

Unrealised housing proceeds

Balance at beginning of the year	116 866	132 252
Loans realised	(35 732)	(29 963)

Long-term housing loans	(22 647)	(22 063)
Long-term loans public organisations	(13 085)	(7 900)

Transfer to provision for impairment - long-term debtors selling schemes	39 589	13 906
Transfer to provision for impairment - long-term public organisations	(492)	671
Balance at end of the year	120 231	116 866

TOTAL

TOTAL	504 356	521 463
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Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors' loan agreement.

20. RESERVES

Capital replacement reserve	1 281 721	1 274 073
Insurance reserve	511 743	496 182
Self-insurance reserve	450 175	438 556
COID reserve	61 568	57 626

TOTAL

TOTAL	1 793 464	1 770 255
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The CRR and the self-insurance reserve are fully funded and invested in ring-fenced financial instruments.

21. ACCUMULATED SURPLUS

Accumulated surplus	20 159 376	16 721 752
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Receipts from acquired grant-funded assets to the value of R15,05 billion (2012: R12,23 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

The 2012 comparative amount of R16,72 billion has been restated from R16,89 billion. See note 45.1.

22. SERVICE CHARGES

Sale of electricity	8 853 037	8 061 911
Sale of water	2 053 577	1 817 183
Solid waste	775 144	710 609
Sewerage and sanitation	1 091 897	1 002 897
Other	326 150	394 165
TOTAL	13 099 805	11 986 765

23. RENTAL OF LETTING STOCK AND FACILITIES

Rental agreements
Hire/rentals

Income forgone*

TOTAL

The 2012 comparative amount of R25,65 million has been restated from R28,97 million. See note 45.1

24. FINANCE INCOME

Interest receivable – external investments
Interest transferred to external funds (conditional grants)

Interest receivable – outstanding debtors

Net finance income

Gains on foreign-exchange transactions
Gains on valuation of investments

TOTAL**25. OTHER INCOME****Exchange transactions**

Insurance recoveries
Bulk infrastructure levies
Skills development levy
Investment impairment reversed
Other income
Fair value adjustments

Non-exchange transactions

City Improvement Districts

TOTAL

The City received service in kind in the form of volunteers estimated to the value of R7,65 million. This amount is not recognised as revenue or as an asset as such in the financial statement of performance.

26. PROPERTY RATES**Actual**

Residential
Commercial
State

Penalties

Income forgone*

TOTAL PROPERTY RATES**Valuations**

Rateable properties
Non-rateable properties

TOTAL PROPERTY RATES AT COMMENCEMENT OF FINANCIAL YEAR

Exempt properties are excluded from the property rates valuations.

Valuations per category

Residential
Commercial
Agriculture
State
Municipal

TOTAL PROPERTY VALUATIONS AT COMMENCEMENT OF FINANCIAL YEAR

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 is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2013 R'000	2012 R'000
23. RENTAL OF LETTING STOCK AND FACILITIES		
Rental agreements	292 535	254 811
Hire/rentals	47 950	36 037
	<u>340 485</u>	<u>290 848</u>
Income forgone*	(33 879)	(34 320)
TOTAL	306 606	256 528
24. FINANCE INCOME		
Interest receivable – external investments	430 370	434 195
Interest transferred to external funds (conditional grants)	(66 432)	(102 446)
	<u>363 938</u>	<u>331 749</u>
Interest receivable – outstanding debtors	183 192	228 425
	<u>547 130</u>	<u>560 174</u>
Net finance income	98	44
Gains on foreign-exchange transactions	-	1 543
Gains on valuation of investments		
TOTAL	547 228	561 761
25. OTHER INCOME		
Exchange transactions	636 114	234 803
Insurance recoveries	1 217	2 322
Bulk infrastructure levies	69 524	56 426
Skills development levy	28 118	23 272
Investment impairment reversed	4 288	-
Other income	131 964	148 823
Fair value adjustments	401 003	3 960
Non-exchange transactions		
City Improvement Districts	106 869	89 508
TOTAL	742 983	324 311
26. PROPERTY RATES		
Actual		
Residential	}	5 519 703
Commercial		
State		
Penalties	85 057	89 657
	<u>6 190 747</u>	<u>5 609 360</u>
Income forgone*	(1 029 245)	(897 262)
TOTAL PROPERTY RATES	5 161 502	4 712 098
Valuations		
Rateable properties	768 198 772	764 031 600
Non-rateable properties	25 716 162	25 790 827
TOTAL PROPERTY RATES AT COMMENCEMENT OF FINANCIAL YEAR	793 914 934	789 822 427
Valuations per category		
Residential	539 230 646	534 173 358
Commercial	181 878 233	180 500 237
Agriculture	8 618 247	8 777 516
State	39 638 134	42 076 739
Municipal	24 549 674	24 294 577
TOTAL PROPERTY VALUATIONS AT COMMENCEMENT OF FINANCIAL YEAR	793 914 934	789 822 427

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

Equitable share

Conditional grants

Provincial health subsidies

Cape Metropolitan Transport Fund (CMTF)

National projects

Provincial projects – other

Other

TOTAL

2013	2012
R'000	R'000
1 084 416	970 474
1 084 416	970 474
4 310 024	2 787 361
129 645	136 113
1 375	30 049
3 297 721	1 919 890
858 821	700 901
22 462	408
5 394 440	3 757 835

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

Unconditional grants

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

Analysis of government grants and subsidies

Operating

Capital

1 979 795	1 626 991
3 414 645	2 130 844
5 394 440	3 757 835

Municipal infrastructure grant projects

Balance unspent at beginning of the year

Current-year receipts

Adjustments

Conditions met – transferred to revenue

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

-	(63 547)
-	-
-	63 547
-	-
-	-

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

Provincial health subsidies

Balance unspent at beginning of year

Current-year receipts – included in public health vote

Conditions met – transferred to revenue

Conditions still to be met – transferred to liabilities

-	-
(129 645)	(136 113)
129 645	136 113
-	-

The City 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

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

(224 906)	(390 963)
44 042	68 302
(867 899)	(523 637)
(7 056)	(7 384)
31 481	1 646
860 196	730 950
(105 806)	(103 820)
(269 948)	(224 906)

	2013 R'000	2012 R'000
National Government projects		
Balance unspent at beginning of year	(1 378 915)	(586 486)
Regrouping adjustment	-	11 381
Current-year receipts	(2 389 988)	(2 625 891)
Interest earned	(56 369)	(90 070)
Adjustments	521	(7 531)
Conditions met – transferred to revenue	3 297 721	1 919 890
Amounts still to be claimed	(61)	(208)
Conditions still to be met – transferred to liabilities – see note 17	(527 091)	(1 378 915)
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.		
28. PUBLIC CONTRIBUTIONS		
Public contributions: Consumer connections	31 932	36 984
Other	10 684	26 369
TOTAL	42 616	63 353
Public contributions and other third-party funds		
Balance unspent at beginning of the year	(61 931)	(67 684)
Regrouping adjustment	-	(613)
Current-year receipts	(40 429)	(58 587)
Interest earned	(502)	(802)
Adjustments	368	6 259
Conditions met – transferred to revenue	42 616	62 353
Amounts still to be claimed	(1 639)	(2 857)
Conditions still to be met – transferred to liabilities – see note 17	(61 517)	(61 931)
The City 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.		
29. EMPLOYEE-RELATED COSTS		
Salaries and wages	4 753 781	4 305 903
Social contributions – UIF, pensions and medical aid	1 254 508	1 125 294
Travel, car, accommodation, subsistence and other allowances	305 813	287 457
Housing benefits and allowances	29 266	31 061
Overtime payments	335 100	310 205
Contribution: Post-retirement and long-service	790 342	886 744
	7 468 810	6 946 664
Expenditure recharged to capital projects	(22 611)	(22 137)
TOTAL	7 446 199	6 925 527
The 2012 comparative amount of R6,93 billion has been restated from R6,91 billion. See note 45.1.		
30. REMUNERATION OF COUNCILLORS		
Executive Mayor	1 108	1 050
Deputy Executive Mayor	781	740
Speaker	781	740
Chief Whip	734	695
Mayoral Committee Members	7 786	7 350
Subcouncil Chairpersons	18 025	15 206
Portfolio chair	11 225	-
Councillors	66 745	67 924
Councillors' pension contributions	4 488	4 067
TOTAL	111 673	97 772
31. IMPAIRMENT COSTS		
Allowances for impairment losses	926 812	818 450
Impairment of property, plant and equipment	7 110	27 392
TOTAL	933 922	845 842

	2013	2012
	R'000	R'000
32. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of property, plant and equipment	1 591 591	1 355 425
Depreciation of investment property	1 629	1 653
Amortisation of intangible assets	27 055	15 018
TOTAL – see to notes 1, 3, 4 and Appendix B	1 620 275	1 372 096
33. FINANCE COSTS		
Interest expenses	675 881	645 900
Borrowings (amortised cost)	675 881	641 038
Finance leases (amortised cost)	-	4 862
Losses on valuation of investment	7 903	-
Unwinding of discount	31 536	35 350
Amortisation of bond issue expenses	13 349	283
Losses on foreign exchange transactions	505	-
TOTAL	729 174	681 533
34. BULK PURCHASES		
Electricity	6 097 891	5 385 001
Water	293 295	320 262
TOTAL	6 391 186	5 705 263
35. GRANTS AND SUBSIDIES PAID		
Community development and upliftment	8 918	9 384
Economic development and promotion of tourism	80 799	71 238
Education institutions	365	1 239
Health forum/health, HIV/Aids and TB programmes	4 768	3 675
Senior citizens – facilities for the aged	100	289
Social development and arts and culture	7 674	5 438
Sporting bodies	520	2 229
Wesgro	-	10 000
TOTAL	103 144	103 492
36. GENERAL EXPENSES		
Chemicals	114 731	99 450
Communication and publication	26 129	28 743
Computer services and software	44 448	25 508
Consultants	162 458	147 364
Free basic electricity*	101 075	93 563
Fuel	220 406	190 792
Hire charges	145 768	147 134
Legal fees	42 954	34 698
Levy: Skills development	56 475	48 398
Licences and permits	73 185	70 303
Materials and consumables	284 193	273 402
CIDs	103 663	86 823
Minor tools and equipment	64 374	51 172
Pharmaceutical supplies	90 960	71 874
Postage and courier	30 149	26 572
Printing and stationery	66 482	61 545
Rental	56 688	56 561
Inventory: Scrapping	803	5 402
Security services	344 827	311 703
Sewerage services – disposals external	59 789	47 450
Telecommunications	104 502	113 985
Training	85 574	69 676
Insurance: Claims	31 307	26 659
Insurance: Underwriting	32 039	25 557
Indigent relief	446 475	369 226
Contributions to/(from) provisions	31 765	(58 822)
Other expenditure	755 688	673 394
	3 576 907	3 098 132
Expenditure recharged to capital projects	(3 165)	(2 397)
TOTAL	3 573 742	3 095 735

*Payment to Eskom to subsidise the FBE portion supplied by Eskom to residence in the municipal area of the City of Cape Town.

	2013 R'000	2012 R'000
37. CASH GENERATED FROM OPERATIONS		
Surplus for the year	3 443 726	2 465 561
Adjustment for :	2 488 509	2 566 316
Depreciation	1 620 275	1 372 096
Impairment	7 110	27 392
Fair value adjustment – concessionary loans	(378 838)	-
Fair value adjustment – investment	7 903	-
Contributed assets	(2 527)	(76 127)
Gains and losses on disposal of assets	(85 304)	(42 420)
Contribution to provisions	1 267 770	814 730
Contribution to impairment provision	(129 826)	350 873
Finance income	(547 228)	(561 761)
	(592 319)	(563 873)
	45 091	2 112
Finance costs	729 174	681 533
Operating surplus before working capital changes	5 932 235	5 031 877
Increase in inventories	(3 542)	(17 759)
Increase in receivables	(101 894)	(637 980)
Increase in other receivables	(24 103)	(63 632)
(Decrease)/increase in unspent conditional grants and receipts	(807 196)	557 072
Increase in payables	504 968	469 751
Increase in net VAT	11 735	388
Cash generated from operations	5 512 203	5 339 717
38. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	4 735 523	3 327 832
Balance at the beginning of the year	3 327 832	3 151 257
Net increase in cash and cash equivalents – see note 11	1 407 691	176 575
39. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS		
Long-term liability raised – see Appendix A	2 384 420	-
EFF earmarked capital expenditure	(5 588 685)	(3 801 138)
2012/13 and prior years	(3 923 308)	(2 700 480)
Current year	(1 665 377)	(1 100 658)
Total EFF (overdrawn)	(3 204 265)	(3 801 138)
Cash set aside for the repayment of long-term liabilities – see note 6 and 12	900 875	641 651
Cash overdrawn	(2 303 390)	(3 159 487)
40. BUDGET INFORMATION		
40.1 Explanation of variances between approved and final budget amounts		
The reasons for the variances between the approved and final budgets are mainly due to virements. The increase in the expected capital budget is due to the reprioritising of capital projects, with the corresponding changes to funding sources.		
40.2 Explanation of variances greater than 5%: final budget and actual amounts		
40.2.1 Statement of financial position		
i) Current assets		
The cash available was much higher than anticipated due to underspending of capital and operating expenditure.		
40.2.2 Statement of financial performance		
Revenue		
i) Finance income		
The interest earned during the year was higher than anticipated due to the City's cash and investment balances remaining favorable during the year.		
ii) Licences and permits		
Actual results were better than anticipated largely as a result of an increased number of licences and permits issued, specifically informal trader permits, drivers licences, roadworthy certificates and hoarding permits.		

- iii) Agency services
A higher than anticipated number of transactions processed on behalf of the Provincial Government for the year resulted in higher income received for agency services.
- iv) Other income
The variance is largely due to the recognition of the fair value adjustment due to loans taken up at concessionary rates.
- v) Gains on disposal of property, plant and equipment
The amounts realised were higher than the amounts budgeted for.
- vi) Fines
The income from fines was lower than budgeted due to the lower number of issued fines, the review of fines in municipal courts and administrative capacity challenges.
- vii) Government grants and subsidies
The variance is the combined result of performance related to the Operational and Capital Grant Funded projects. The spending on these projects were influenced by a number of factors; such as delays in planned start-up; community dynamics and influences; changes in contract scope; contract award objection processes; environmental issues; delays in delivery of materials/goods and contractor performance; thus resulting in an under spending for the year and the rollover of funding and continuation of projects in new financial year.
- viii) Public contributions
The variance is the combined result of performance related to the Operational and Capital Grant Funded projects. The spending on these projects were influenced by a number of factors; such as delays in planned start-up; community dynamics and influences; changes in contract scope; contract award objection processes; environmental issues; delays in delivery of materials/goods and contractor performance; thus resulting in an under spending for the year and the rollover of funding and continuation of projects in new financial year.

Expenditure

- i) Impairment costs
The lower impairment cost realised is due to an improved debt collection ratio.
- ii) Grants and subsidies paid
Delays in submission of documentation from applicants resulted in lower than anticipated grants paid to beneficiaries as well as reprioritisation of resources within specific departments further contributed to the under expenditure.

40.2.3 Capital expenditure

- i) City Health
Delay in the implementation of projects was due to community protest, which has since been resolved.
- ii) City Manager
The variance is due to the realisation of savings on the budget and insurance claims being less than anticipated.
- iii) Community services
The lower than anticipated implementation percentage is due to delays experienced with the planning and Environmental Impact Assessment processes for the road alignment.
- iv) Deputy City Manager
The under-expenditure was due to additional approvals being required for professional fees.
- v) Economic, Environment and Spatial Planning
The under-expenditure was due to administrative delays.
- vi) Finance
The under-expenditure was due to the project being suspended indefinitely for forensic investigation.
- vii) Safety and Security
The under-expenditure was due to administrative delay and the tenderer's guarantees being awaited.
- viii) Social and Early Childhood Development
The under-expenditure was due to administrative delay.
- ix) Tourism, Events and Marketing
The under-expenditure was due to delay being experienced with the implementation of the projects in order to deal with non-responsive tender bids.
- x) Human Settlements
The implementation of the projects experienced delay due to community protest. In addition, the acquisition of land was delayed due to vacillations on land transactions.

xi) Water and sanitation

The under-expenditure experienced with implementation of projects was due to a multitude of reasons, being:

- Delays in obtaining way-leaves
- Delivery of equipment delayed due to shipping from abroad
- Liquidation of contracts
- Appeals from Tenderers
- Incomplete design specifications
- Delays in lead time for delivery of equipment
- Administrative delays
- Savings realised on projects.

2013	2012
R'000	R'000

41. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES**41.1 Irregular expenditure**

Opening balance	122 568	187 164
Irregular expenditure – SCM regulation, section 45 (see incidents below)	-	14 915
Regularised and ratified by Council and accounting officer respectively	(122 568)	(79 511)
Closing balance	-	122 568

Incidents	
▪ Proper tender procedures not followed due to oversight	- 214
▪ SCM policy on declarations of interest for quotations below R200 000 not fully adhered to in respect of suppliers found to be in the employ of the state	- 325
▪ SCM policy on declarations of interest for quotations below R200 000 not fully adhered to in respect of goods only	- 1 786
▪ Declaration of interest of suppliers in the employ of the state overlooked	- 12 446
▪ Business conducted with two staff members	- 90
▪ Business conducted with a supplier of whom a City staff member is a non-executive director overlooked	- 54

Incidents for the year

	-	14 915
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41.2 Fruitless and wasteful expenditure

Opening balance	-	431
Fruitless expenditure current year	-	-
Certified as irrecoverable by Council	-	(431)
Closing balance	-	-

41.3 Material losses

Water losses	66 240	70 061
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Water losses

In the current year, the reticulation losses were 7,6% (2012: 8,4%). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. A major reduction has been achieved since the previous financial year by addressing metering inconsistencies. The production losses amounted to R89,03 million (2012: R90,89 million).

The 2012 comparative amount of R70,06 million has been restated from R76,97 million due to changes in estimates.

Electricity losses	167 329	225 049
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Electricity losses

In the current year the energy losses were 9,31% (2012: 10,75%). These losses are the result of theft and vandalism. The production losses amounted to R400,35 million (2012: R352,74 million).

2013	2012
R'000	R'000

42. COMMITMENTS**42.1 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure
Approved and contracted for:

Infrastructure	1 090 589	1 418 983
Community	91 140	21 302
Other	588 384	587 050
TOTAL	1 770 113	2 027 335

42.2 OPERATING LEASE COMMITMENTS**42.2.1 The City as lessee**

Future minimum lease payments under non-cancellable operating leases.

Buildings

Payable within one year	26 415	25 622
Payable within two to five years	22 074	42 657
	48 489	68 279

Vehicles and other equipment

Payable within one year	-	56
Payable within two to five years	-	-
Payable after five years	-	-
	48 489	68 335

Minimum lease payments recognised as an expense during the period amount to R41,11 million (2012: R44,68 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

42.2.2 The City as lessor

Future minimum lease income under non-cancellable operating leases.

Receivable within one year	14 012	13 554
Receivable within two to five years	44 219	47 938
Receivable after five years	131 044	141 337
Buildings	189 275	202 829

The City lets properties under operating leases. Property rental income earned during the year was R13,55 million (2012: R12,33 million). The properties are maintained by the tenants, at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R3,22 million in current year income.

The 2012 comparative amount of R202,53 million has been restated from R387,69 million. A review of the lease contract data revealed errors due to incorrect contract dates and leases being incorrectly categorised. See note 45.1.

43. ADDITIONAL DISCLOSURES**43.1 MUNICIPAL FINANCE MANAGEMENT ACT****43.1.1 Section 124****Disclosure concerning councillors municipal accounts in arrears**

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

Basson, J	Ntsodo, A
Bryant, DW	Smith, JP
Cottee, D	Williams, A

As at 30 June 2013

Basson, J

Balance was paid in full on 22 July 2013

Total R'000	Outstanding <90 days R'000	Outstanding >90 days R'000
10	9	1
10	9	1

During the financial period 2011/12 the following councillors, as listed below, were in arrears for more than 90 days.

Abrahams, FL	Isaacs, VR	Ndongeni, AX
Adams, Y	James, LV	Ndzulwana, N
Gabuza, A	Maci, L	Nikelo, M
Gqada, T	Mack, CJ	Uys, TA – Bloemhof Guesthouse
Hinana, EN	Maxheke, JJ	Weavers, M
Honono, TT	Morkel, HK – Carthen Investment (Pty) Ltd	Zondani, GL

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

43.1.2 Section 125**Other compulsory disclosures****As at 30 June 2013**

	SALGA contributions R'000	Audit fees R'000	PAYE UIF R'000	Pension and medical aid R'000
Opening balance	-	263	62 543	155 305
Subscriptions/fees	9 800	15 045	1 017 760	2 001 926
Amount paid – current year	(9 800)	(14 863)	(932 873)	(1 829 300)
Amount paid – previous years	-	(263)	(62 543)	(155 304)
Balance unpaid (included in payables)	-	182	84 887	172 627

As at 30 June 2012

Opening balance	7 170	481	60 419	141 774
Subscriptions/fees	9 500	16 547	804 472	1 813 266
Amount paid – current year	(9 500)	(16 284)	(741 929)	(1 657 961)
Amount paid – previous years	(7 170)	(481)	(60 419)	(141 774)
Balance unpaid (included in payables)	-	263	62 543	155 305

2013	2012
R'000	R'000

43.2 SUPPLY CHAIN MANAGEMENT REGULATIONS

43.2.1 Deviations

In terms of section 36 of the Municipal SCM regulations, any deviation from SCM policy needs to be approved by the City Manager and noted by Council. The expenses incurred, as listed below, have been approved by the City Manager and noted by Council. Deviations have been approved in principle subject to controls such as unit cost and costs and budget availability.

Incident

Appointment of consultants	104 798	72 543
Information technology upgrade	192 355	18 131
Upgrading of electricity services	484	-
Extension of contracts	214 975	289 845
Upgrading of road infrastructure	34 944	10 588
Supply and delivery of plant and equipment	92 911	11 092
Other	154 314	39 660
Deviations less than R200 000	335 985	333 615
Total amount approved by the City Manager and noted by Council	1 130 766	775 474

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 emergency procurements, availability from only one provider, art historic objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

43.2.2 SCM breaches

Ratification of minor breaches	-	223 760
Regularisation of breaches	2 099	-
Total amount regularised and ratified by Council and accounting officer respectively	2 099	223 760

43.2.3 Bids awarded to family of employees in service of the State

In terms of section 45 of the Municipal SCM regulation, any award above R2 000 to family of employee in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form.

Connected person	Position held in State	2013	2012
		R'000	R'000
Adams, J	Secretary	-	130
Appolis, T	Operator: Mechanical Plant	-	49
Booyesen, P	Clerk	533	1 216
Buitendag, G	Principal Professional Officer	6 761	2 686
Cedras, A	Senior Superintendent	549	1 088
Connor, C	Head: COID	123	210
Da Costa,H	Professional Officer	-	23
Daniels, L	Senior Foreman	13 887	890
Daries, SS	Senior Superintendent	-	6
Davids, CB	Administrative Officer	-	44
Davids, R	SCM Assistant buyer	-	657
De Vries, S	Superintendent	102	221
Du Toit, J	SCM Assistant buyer	587	198
Kupiso, NG	Water Pollution Control Inspector	94	247
Hattingh, PM	Administrative Officer	184	924
Hoosain, N	Clerk	-	1 347
Ishmail, E	Manager : Valuations Data and systems	2 061	5 063
Jacobs, MS	Clerk	207	850
January, L	Head : Area	-	116
Johns, KM	Clerk	5	55
Jones, B	Clerk	-	284
Koning, G	Enrolled Nurse	38	18
Lategan, L	Clerk	14	2
Mama, X	Head : Area Manager	375	627
Manuel, J	Traffic Officer	-	13
Maputsi, J	Learner/Senior Fire fighter	-	661
Merile, SS	Operator: Small Plant	1 574	753
Modack, K	Specialist Clerk	-	60
Mshweshwe, MC	Statutory Compliance Specialist	173	373
Pardenwachter, M	Professional Officer	-	91
Platen, R	Special Workman	-	4
Sammy, MF	Administrative Officer	40	84
Scholtz, LM	Secretary	828	1 187
Sipoyo, QG	Risk and Safety Advisor	-	871
Smith, P	Administrative Officer	-	90
Swanson, R	Courier	-	63
Thorpe, M	SCM Assistant buyer	128	431
Timotheus, W	Operational Supervisor/ Driver	-	6
Trom, F	Worker	7	11
Votersen, MF	Head: Finance Parks	341	1 299
Total		28 611	22 948

The comparative figure of the previous year has been restated due to the City's incorrect interpretation of section 45 of the SCM regulation regarding the disclosure of the bids awarded amount. The actual expenditure amount instead of the award value was disclosed. The 2012 amount of R22,95 million has been restated from R34,92 million.

44. FINANCIAL RISK MANAGEMENT

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

The City's Risk Management Committee, is responsible for oversight over the City's Integrated Risk Management (IRM) policies and the risk management activities. The IRM's policies were established to ensure a structured approach to the identifying and mitigating of risks across the City, to an acceptable level. The IRM policies and systems are reviewed regularly to ensure it keeps abreast with best practises and regulatory requirements. To enable the Audit Committee to comply with their role and responsibilities with regards to risk management, all documentation and reports of Risk Committee Meetings are supplied to the Audit Committee on a quarterly basis.

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

	Amortised cost R'000	Fair value R'000	Cost R'000	Total carrying amount R'000	Carrying amount fair value R'000
Financial assets					
2013					
Investments	135 645	3 424 479	38 768	3 598 892	3 620 430
Long-term receivables	122 211	-	-	122 211	122 211
Receivables	4 172 233	-	-	4 172 233	4 172 233
Other receivables	289 693	-	-	289 693	289 693
Cash and cash equivalents	3 625 757	1 109 766	-	4 735 523	4 729 306
	8 345 539	4 534 245	38 768	12 918 552	12 933 873
2012					
Investments	111 529	2 883 350	38 768	3 033 647	3 074 886
Long-term receivables	119 086	-	-	119 086	119 086
Receivables	3 979 256	-	-	3 979 256	3 979 256
Other receivables	272 244	-	-	272 244	272 244
Cash and cash equivalents	1 615 782	1 712 050	-	3 327 832	3 327 832
	6 097 897	4 595 400	38 768	10 732 065	10 773 304

	Amortised cost R'000	Total carrying amount R'000	Carrying amount fair value R'000
Financial liabilities			
2013			
Borrowings	7 354 402	7 354 402	8 175 456
Payables	3 619 664	3 619 664	3 619 664
	10 974 066	10 974 066	11 795 120
2012			
Borrowings	5 470 607	5 470 607	6 276 226
Payables	3 123 535	3 123 535	3 123 535
	8 594 142	8 594 142	9 399 761

44.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. 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 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
Financial assets				
2013				
Investments	2 456 013	968 466	-	3 424 479
Cash and cash equivalents	-	1 109 766	-	1 109 766
	2 456 013	2 078 232	-	4 534 245
2012				
Investments	1 844 250	1 039 100	-	2 883 350
Cash and cash equivalents	-	1 712 050	-	1 712 050
	1 844 250	2 751 150	-	4 595 400

44.2 Liquidity risk

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

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

On average, 95,06% (2012: 94,93%) 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 the 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
2013				
Liabilities				
Borrowings	1 210 665	4 000 619	9 532 482	14 743 766
Capital repayments	418 166	1 146 621	5 789 615	7 354 402
Interest	792 499	2 853 998	3 742 867	7 389 364
Payables	3 619 664	-	-	3 619 664
Payables	3 040 810	-	-	3 040 810
Sundry creditors	578 854	-	-	578 854
	4 830 329	4 000 619	9 532 482	18 363 430

44.3 Credit risk

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

	2013	2012
	R'000	R'000
Investments	3 560 124	2 994 879
Long-term receivable –see note 7	122 211	119 086
Receivables and other receivables – see note 9 and 10	4 461 926	4 251 500
Cash and cash equivalents – see note 11	4 735 523	3 327 832
Total	12 879 784	10 693 297

Investments and cash and cash equivalents

The City 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 City does not consider there to be any significant exposure to credit risk.

Long-term receivable

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

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The City's strategy 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 City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The City has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the 10 largest debtors represent 1,20% (2012: 0,87%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after due date. The City has provided fully for all receivables outstanding over 365 days. 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.

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

44.4 Capital management

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

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

44.5 Currency risk

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

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

44.6 Market risk

Market risk is the risk that changes in market prices, such as foreign-exchange rates and interest rates, affecting the City's income or the value of its financial instrument 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 2013 are as follows:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			Total R'000
		1 years or less R'000	1-5 years R'000	>5 years R'000	
Financial assets					
Investments	5,03	4 548 094	-	-	4 548 094
Cash and cash equivalents	5,56	3 430 794	134 658	-	3 565 452
Total financial assets		7 978 888	134 658	-	8 113 036
Financial liabilities					
Borrowings	9,72	418 166	1 146 621	5 789 615	7 354 402
Total financial liabilities		418 166	1 146 621	5 789 615	7 354 402

Interest rate sensitivity analysis**Financial assets**

As at 30 June 2013, 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 R74,55 million with the opposite effect if the interest rate had been 100 basis points lower.

The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one percent movement in interest rates.

Financial liabilities

As at 30 June 2013, if the interest rate at that date had been 100 basis points higher or lower, with all the other variables held constant, the fair-value liability would have no impact as all borrowings are at a fixed interest rate.

45. PRIOR-YEAR ADJUSTMENTS**45.1 Correction of errors**

Recognition of annual bonus provision for employees other than those on TCOE. The reason for the correction of error is that the City was of the opinion that no contractual obligation existed in the past, but a constructive obligation exists due to past practises.

A review of the lease contract data revealed errors due to incorrect contract dates and leases being incorrectly categorised.

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.

	Note	As previously reported R'000	Change in accounting policy R'000	Correction of errors R'000	Restated R'000
2011					
Statement of financial position					
Payables from exchange transactions	10	3 321 917	-	(132 347)	3 189 570
Statement of net assets					
Accumulated surplus	21	14 369 652	-	(132 347)	14 237 305
2012					
Statement of financial position					
Other receivables	10	305 949	-	(33 208)	272 741
Payables from exchange transactions	16	3 783 153	-	140 862	3 924 015
Statement of net assets					
Accumulated surplus	21	16 895 822	-	(174 070)	16 721 752
Statement of financial performance					
Rental of letting stock and facilities	23	289 736	-	(33 208)	256 528
Total revenue		23 686 795	-	(33 208)	23 653 587
Employee-related costs	30	6 916 012	-	8 515	6 924 527
Total expenditure		21 179 511	-	8 515	21 188 026
Surplus for the year		2 507 284	-	(41 723)	2 465 561

45.2 Changes in accounting estimates

The annual review of the useful lives of assets resulted in a decrease of R24,90 million (2012: R4,04 million) in the depreciation charge to the statement of financial performance.

The water material losses comparative amount of R70,06 million has been restated from R76,97 million due to the need to revise bulk water metering inaccuracy estimates.

It is impracticable to estimate the effect of these changes in estimate on future periods.

46. RETIREMENT BENEFIT INFORMATION

The City makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R721,39 million (2012: R652,23 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.

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

The DB section is a multi-employer plan, and the contribution rate payable is 27%, 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 2012. The valuation indicates a break-even actuarial result, and is 99,4% 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 (2012: R96 million) and interest of R35,58 million (2012: R35,58 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 100% funded as at 1 July 2012, and had remained stable since the previous valuation date.

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

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The actuary's 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 2012. The valuation disclosed funding of 105%.

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 2012.

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.

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

The Cape Municipal Pension Fund operates both as a DB and DC scheme. The actuarial valuation of the fund was performed at 30 June 2012, which certified it as being in a financially sound position. The next statutory valuation is due by 30 June 2015.

	Total	DB section	DC section
In-service members	9 632	301	9 331
Pensioners	5 096	3 824	1 272
Membership as at 30 June 2012	14 728	4 125	10 603

	2013 R'million	2012 R'million
Past-service position – DB section	3 739	3 574
Past-service position – DC section	6 357	5 822
Total liabilities	10 096	9 396
Assets valued at market value	10 109	9 408
Actuarial surplus	-	12

	2013 %	2012 %
Key financial assumptions		
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	1,50	2,50
Normal retirement age	60 years	60 years

46.4 POST-EMPLOYMENT DEFINED BENEFITS**46.4.1 Health-care arrangement assumptions**

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

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2013 constituted 10 398 (2012: 10 966) in-service members and 6 492 (2012: 6 480) 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 2013 has been discounted at a rate determined on the basis of the yield of 9,22% (2012: 7,99%) per annum on government bonds.

Notes to the financial statements for the year ended 30 June 2013

46.4.2 Retirement pension benefits

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

The number of employees who were eligible for a post-retirement pension at 30 June 2013 was 46 (2012: 30) in-service employees and 109 (2012: 125) 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 City as at 30 June 2013 has been discounted at a 9,22% (2012: 7,34%) per annum rate determined on the basis of the market yields on government bonds.

Post-retirement scheme defined-benefit obligations

	2013			2012		
	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	3 882 906	56 774	3 939 680	3 566 435	17 004	3 583 439
Unrecognised actuarial gains	-	-	-	-	-	-
Net liability in statement of financial position	3 882 906	56 774	3 939 680	3 566 435	17 004	3 583 439
Interest costs	279 834	1 286	281 120	254 270	1 536	255 806
Service costs	92 359	462	92 821	79 194	651	79 845
Actuarial losses/(gains) recognised	83 461	39 598	123 059	376 394	(1 475)	374 919
Total included in statement of financial performance	455 654	41 346	497 000	709 858	712	710 570
Balance at the beginning of the year	3 566 435	17 004	3 583 439	2 982 893	17 797	3 000 690
Net expense recognised in statement of financial performance	455 654	41 346	497 000	709 858	712	710 570
Contributions paid	(139 183)	(1 576)	(140 759)	(126 316)	(1 505)	(127 821)
Net liability in statement of financial position	3 882 906	56 774	3 939 680	3 566 435	17 004	3 583 439

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

Sensitivity analysis

	Change in assumption	Liability	Percentage change	Service cost	Interest cost	Percentage change
		R'000	%	R'000	R'000	%
Post-retirement medical aid						
Assumptions used		3 882 906		97 345	358 004	
Health-care inflation	+1% increase	4 519 467	16,4	118 753	416 695	17,6
	-1% decrease	3 366 272	-13,3	80 404	310 370	-14,2
Valuation interest rate	+1% increase	3 378 564	-13,0	80 801	345 289	-6,4
	-1% decrease	4 513 591	16,2	118 553	371 017	7,5
Post-retirement mortality	-50%	4 018 406	3,5	100 511	370 497	3,4

Key financial assumptions

	2013		2012	
	Health care benefits %	Retirement pension benefits %	Health-care benefits %	Retirement pension benefits %
Discount rate		9,2		7,9
General inflation rate		5,8		5,4
General salary inflation rate		-		6,2
Health-care cost inflation rate		7,3		-
Net effective discount rate		1,8		0,8

47. GUARANTEES, CONTINGENT LIABILITIES AND ASSETS**47.1 Guarantees**

The City issued a bank guarantee of R823 446 (2012: R823 446) as security for the lease of property.

47.2 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 R339,64 million (2012: R285,52 million).

A wage award has been made nationally by the courts, which could potentially have huge financial implications, if not renegotiated successfully by SALGA and the Trade Unions. The proposed renegotiation consists of a once-off settlement offer, and if not successful, the wage award would have future cost implications as alluded to above.

A potential liability exist in the form of a disputed amount of R240,04 million. R200,04 million regarding the Cape Town Stadium is in respect of professional fees on the construction of the Cape Town Stadium, and the balance of R40 million for litigation costs. The City and its lawyers are of the opinion that the litigation is likely to be in the City's favour. The timing of the legal proceedings regulating the above is, however, uncertain.

Outstanding insurance claims

The estimated liability for insurance claims amounts to R123,84 million (2012: R105,80 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.

47.3 Contingent assets**Contractual disputes**

The City's Information Systems and Technology Directorate is owed an amount of R13,96 million as a result of inflated invoices issued to the City. This contractual claim by the City is currently in dispute, and is subject to mediation. Consequently, a contingent asset has been disclosed as recognition of the R13,96 million is dependent on the outcome of the legal proceedings.

48. RELATED PARTY DISCLOSURES**48.1 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.

2013	2012
R'000	R'000

CTICC (Pty) Ltd (Convenco)

The Convention Centre was established for Cape Town to become host to international conferences, with the objectives of promoting Cape Town as a tourism city. At year end, the amount owing by Convenco to the City of Cape Town amounted to R1,30 million (2012: R1,31 million).

Percentage owned	50,18%	50,18%
Arm's-length transactions for the year:		
Receivables	1 300	1 314
Payables	1 068	-
Service charges	14 912	17 738

CIDs

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

Percentage owned	Special rating area's	
Arm's-length transactions for the year:		
Service charges	26	24
Levies	103 663	86 823

2013	2012
R'000	R'000

World Design Capital 2014 (WDC)

The Cape Town Design NPC was established, after the City was nominated as the Design Capital, to develop and market the World Design Capital 2014 programme.

The external entity will carry out the day to day project management according to the tasks and timelines set out in the Host city Agreement with the International Council of Societies of Industrial Design (ICSID).

Percentage owned

Non-arm's length transactions for the year:
Section 67 contribution

Non-profit organisation	
8 500	-

CMTF (administrator of the fund)

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year end, the amount owing by the City to CMTF amounted to R44,55 million (2012: R69,75 million).

Percentage owned

Arm's-length transactions for the year:

Funds held on behalf of CMTF
Grants and transfers received
Interest paid
Revenue collected

Administrator	
44 548	69 746
10 000	30 049
2 438	4 354
5 083	4 814

Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special arrears.

No business transactions took place between the City of Cape Town and key management personnel and their close family members.

48.2 Remuneration of management**48.2.1 Mayoral committee members****Analysis of remuneration benefits**

	Total R'000	Annual salary R'000	Car Allowance R'000	Social Contribution R'000
2013				
Executive Mayor				
Alderman De Lille, P	1 108	1 068	40	-
Executive Deputy Mayor/Finance				
Alderman Neilson, ID	874	781	-	93
Safety and Security Services				
Alderman Smith, JP	821	751	-	70
Corporate Services				
Alderman Qually, DL	821	751	-	70
Economic, Environment and Spatial Planning				
Alderman Walker, B (until 31/01/2013)	479	434	-	45
Councillor G. Bloor (w.e.f 01/02/2013)	342	342	-	-
Social and Early childhood Development				
Councillor Cortje-Alcock, BA (until 17/09/2012)	161	147	-	14
Councillor Little, S (w.e.f 27/09/2012)	625	625	-	-
Health				
Councillor James, LV	821	821	-	-
Community Services				
Councillor Gqada, T (until 31/01/2013)	479	479	-	-
Alderman Walker, B (w.e.f 01/02/2013)	342	310	-	32
Transport, Roads and Stormwater				
Councillor Herron, BN	821	821	-	-
Tourism, Events and Marketing				
Councillor Pascoe, GI	821	751	-	70
Utility Services				
Councillor Sims, S (until 31/01/2013)	479	479	-	-
Councillor Sonnenberg, EJ (w.e.f 01/02/2013)	342	305	-	37
Housing				
Councillor Sonnenberg, EJ (until 31/01/2013)	428	428	-	-
Councillor Gqada, T (w.e.f 01/02/2013)	378	342	-	36
	10 142	9 635	40	467

	Analysis of remuneration benefits			
	Total R'000	Annual salary R'000	Car Allowance R'000	Social Contribution R'000
2012				
Executive Mayor				
Alderman De Lille, P	1 050	893	157	-
Executive Deputy Mayor/Finance				
Alderman Neilson, ID	829	628	112	89
Safety and Security Services				
Alderman Smith, JP	778	606	106	66
Corporate Services				
Alderman Qually, DL	778	606	106	66
Economic, Environment and Spatial Planning				
Alderman Walker, B	778	606	106	66
Social and Early childhood Development				
Councillor Cortje-Alcock, BA	779	590	106	83
Health				
Councillor James, LV	779	673	106	-
Community Services				
Councillor Gqada, T	779	673	106	-
Transport, Roads and Stormwater				
Councillor Herron, BN	779	673	106	-
Tourism, Events and Marketing				
Councillor Pascoe, GI	778	606	106	66
Utility Services				
Councillor Sims, S	778	673	105	-
Housing				
Councillor Sonnenberg, EJ	778	590	105	83
	9 663	7 817	1 327	519

48.2.2 Councillors

	Analysis of remuneration benefits			
	Total R'000	Annual salary R'000	Car Allowance R'000	Social Contribution R'000
2013				
Councillors	107 539	102 887	164	4 488

	Analysis of remuneration benefits			
	Total R'000	Annual salary R'000	Car Allowance R'000	Social Contribution R'000
2012				
Councillors	95 696	78 745	12 885	4 066

48.2.3 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 Sub- sistance R'000	Relocation Allowance R'000
2013							
City Manager							
Ebrahim, A	2 033	1 748	-	-	277	8	-
Deputy City Manager							
Marsden, M	1 727	1 496	-	-	231	-	-
Community Services							
Mtwazi, L	1 551	1 275	-	84	192	-	-
Corporate Services							
Habib, F (contract ended 31/03/2013)	1 233	1 231	-	-	2	-	-
Stelzner, A (acting 01/05/2013)	194	151	-	14	29	-	-
Economic, Environment and Spatial Planning							
Hugo, J	1 566	1 524	-	-	42	-	-
Finance							
Jacoby, K	1 565	1 269	-	94	202	-	-
Health							
Dr Bromfield, IK (contract ended 30/04/2013)	1 095	821	-	111	163	-	-
Dr Mahlangu-Mathibela, W (appointed 01/05/2013)	258	230	-	14	14	-	-
Integrated Human Settlement Services							
Maqetuka, S	1 559	1 376	-	-	183	-	-
Compliance and Auxiliary Services							
Ras, D (appointed 01/05/2013)	257	257	-	-	-	-	-
Safety and Security							
Bosman, R	1 560	1 281	-	96	183	-	-
Social and Early Childhood Development							
Biko, NB (contract ended 31/12/2012)	802	801	-	-	1	-	-
Ras, D (acting 01/01/2013-30/04/2013)	379	378	-	-	1	-	-
Dr IK Bromfield (appointed 01/05/2013)	402	343	-	22	37	-	-
Tourism, Events and Marketing							
Groenewald, A	1 574	1 558	-	-	2	14	-
Transport, Roads and Stormwater							
Commissioner Whitehead, M	1 573	1 563	-	-	2	8	-
Utility Services							
Dhlamini, L (contract ended 31/10/2012)	401	341	-	10	50	-	-
Kaiser, G (appointed 01/11/2012)	990	973	-	-	17	-	-
20 719	18 616	-	445	1 628	30	-	

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 subsista- nce R'000	Relocation Allowance R'000
2012							
City Manager							
Ebrahim, A	1 914	1 532	138	-	242	2	-
Deputy City Manager							
Marsden, M (appointed 01/01/2012)	1 035	789	138	-	108	-	-
Community Services							
Mtwazi, L	1 508	1 140	112	84	172	-	-
Corporate Services							
Beretti, DP (contract ended 31/12/2012)	1 140	843	184	30	83	-	-
Mbandazayo, L (acting 01/01/2012-31/01/2012)	92	78	-	4	10	-	-
Habib, F (appointed 01/02/2012)	307	234	-	-	-	-	73
Economic, Environment and Spatial Planning							
Mohammed, M (contract ended 31/10/2011)	386	310	-	24	52	-	-
Walters, C (acting 01/11/2011-31/01/2012)	341	237	58	13	33	-	-
Hugo, J (appointed 01/02/2012)	611	598	-	-	13	-	-
Finance							
Richardson, MJ (contract ended 31/12/2011)	891	611	124	59	97	-	-
Steyl, J (acting 01/01/2012-29/02/2012)	188	143	-	22	22	1	-
Jacoby, K (appointed 01/03/2012)	564	369	-	54	66	-	75
Health							
Dr Bromfield, IK	1 405	912	177	133	183	-	-
Integrated Human Settlement Services							
Smit, JA (contracted ended 31/12/2012)	951	752	110	-	89	-	-
Maqetuka, S (acting 01/01/2012-30/06/2012)	725	640	-	-	85	-	-
Safety and Security							
Bosman, R	1 447	1 090	104	95	158	-	-
Social and Early Childhood Development							
Biko, NB (appointed 03/01/2012)	683	682	-	-	1	-	-
Tourism, Events and Marketing							
Groenewald, A (appointed 01/02/2012)	611	610	-	-	1	-	-
Transport, Roads and Stormwater							
Marsden, MG (contract ended 31/12/2011)	735	636	-	-	99	-	-
Whitehead, M (appointed 16/01/2012)	753	677	-	-	1	-	75
Utility Services							
Dhlamini, L	1 409	1 134	52	42	176	5	-
	17 696	14 017	1 197	560	1 691	8	223

49. EVENTS AFTER REPORTING DATE

The City, in order to facilitate the foreshore development expansion of the municipal entity CTICC, committed itself to provide funding to assist the CTICC with development costs in return for additional shares in the CTICC. The total funding amount will not be in excess of R550 million.

Appendix A: Schedule of external borrowings as at 30 June 2013

	Contractual interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2012 R'000	Received during the year R'000	Capitalised during the year R'000	Net interest accrual during the year R'000	Concessionary loan adjustment R'000	Redeemed/ Written off during year R'000	Balance as at 30 June 2013 R'000
LOCAL REGISTERED STOCK										
ABSA Nominees (Pty) Ltd	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	-	-	-	(3 350)	-	-	-	-	(3 350)	-
Total local registered stock				4 279 186	-	-	-	-	(3 350)	4 282 536
CONCESSIONARY LOANS										
Nedcor Bank	1,000	830000920	2019	16	-	-	-	3	-	19
DBSA	5,000	830012028	2020	27 376	-	-	-	956	4 000	24 332
Agence Francaise De Developpement (AFD)	5,763	830018500	2028	-	600 000	-	10 988	(95 607)	-	515 381
Agence Francaise De Developpement (AFD)	5,730	830018516	2028	-	600 000	-	10 738	(96 568)	-	514 170
Agence Francaise De Developpement (AFD)	5,755	830018530	2028	-	600 000	-	10 501	(95 573)	-	514 928
Agence Francaise De Developpement (AFD)	5,800	830018523	2028	-	584 420	-	10 122	(92 049)	-	502 493
Total concessionary loans				27 392	2 384 420	-	42 349	(378 838)	4 000	2 071 323
OTHER LOANS										
FirstRand Bank	17,288	830000880	2013	20 625	-	-	-	-	20 625	-
DBSA	12,250	83001051	2015	96 495	-	-	(1 628)	-	25 978	68 889
FirstRand Bank	12,631	830003504	2017	176 329	-	-	-	-	8 142	168 187
ABSA Bank	10,900	830007011	2018	120 000	-	-	-	-	20 000	100 000
DBSA	10,590	83001050	2018	232 122	-	-	(1 871)	-	33 916	196 335
FirstRand Bank	12,046	830009531	2018	163 791	-	-	4 674	-	20 000	148 465
DBSA	9,420	830012035	2020	74 667	-	-	-	-	9 334	65 333
DBSA	9,639	830013000	2022	140 000	-	-	-	-	13 333	126 667
DBSA	10,565	830013507	2022	140 000	-	-	-	-	13 333	126 667
Total other loans				1 164 029	-	-	1 175	-	164 661	1 000 543
TOTAL EXTERNAL LOANS				5 470 607	2 384 420	-	43 524	(378 838)	165 311	7 354 402

Appendix B: Analysis of property, plant and equipment and other as at 30 June 2013

	COST					ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance	Transfers/adjustments	Additions ¹	Disposals	Closing balance	Opening balance	Transfers/adjustments ²	Impairments	Additions	Disposals	Closing balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
LAND AND BUILDINGS												
Land	950 483	8 450	14 642	-	973 575	(319 408)	(1)	(7 104)	-	-	(326 513)	647 062
Buildings and land	1 344 952	86 171	102 631	-	1 533 754	(443 539)	135	-	(27 614)	-	(471 018)	1 062 736
	2 295 435	94 621	117 273	-	2 507 329	(762 947)	134	(7 104)	(27 614)	-	(797 531)	1 709 798
INFRASTRUCTURE												
Assets under construction	2 482 417	(1 765 169)	1 167 664	-	1 884 912	-	-	-	-	-	-	1 884 912
Drains	674 027	61 069	60 625	-	795 721	(254 891)	-	-	(24 527)	-	(279 418)	516 303
Roads	5 814 490	877 111	516 090	-	7 207 691	(1 885 046)	-	-	(198 399)	-	(2 083 445)	5 124 246
Beach improvements	38 814	1 748	307	-	40 869	(20 244)	-	-	(855)	-	(21 099)	19 770
Sewerage mains and purification	2 499 651	122 572	96 914	-	2 719 137	(729 621)	(10)	-	(131 704)	-	(861 335)	1 857 802
Electricity peak load equipment and mains	5 421 619	171 048	758 493	-	6 351 160	(2 015 609)	1	-	(244 582)	-	(2 260 190)	4 090 970
Water mains and purification	2 355 517	124 354	151 766	-	2 631 637	(1 103 713)	-	-	(93 132)	-	(1 196 845)	1 434 792
Reservoirs - water	448 125	2 184	2 601	-	452 910	(296 597)	9	-	(18 734)	-	(315 322)	137 588
	19 734 660	(405 083)	2 754 460	-	22 084 037	(6 305 721)	-	-	(711 933)	-	(7 017 654)	15 066 383
COMMUNITY ASSETS												
Assets under construction	206 093	(198 382)	109 398	-	117 109	-	-	-	-	-	-	117 109
Parks and gardens	139 896	42 130	26 409	-	208 435	(15 389)	-	-	(5 867)	-	(21 256)	187 179
Libraries	201 445	4 828	144	-	206 417	(60 939)	-	-	(3 365)	-	(64 304)	142 113
Recreation facilities	5 081 892	104 045	97 310	(200)	5 283 047	(776 691)	-	(6)	(200 141)	193	(976 645)	4 306 402
Civic buildings	1 576 020	262 907	91 952	-	1 930 879	(676 282)	6	-	(51 490)	-	(727 766)	1 203 113
	7 205 346	215 528	325 213	(200)	7 745 887	(1 529 301)	6	(6)	(260 863)	193	(1 789 971)	5 955 916
OTHER ASSETS												
Assets under construction	602 766	(340 334)	1 134 969	-	1 397 401	-	-	-	-	-	-	1 397 401
Buildings and land	18	-	-	-	18	(12)	-	-	(5)	-	(17)	1
Landfill sites	617 723	87 669	64 626	-	770 018	(307 540)	(2 101)	-	(54 671)	-	(364 312)	405 706
Furniture, fittings and equipment	529 126	55 027	161 753	(5 497)	740 409	(292 603)	(12)	-	(73 764)	4 757	(361 622)	378 787
Bins and containers	55 739	(11 453)	1 568	(406)	45 448	(38 482)	7 207	-	(5 823)	360	(36 738)	8 710
Emergency equipment	35 979	548	1 712	(44)	38 195	(28 855)	(1)	-	(3 511)	42	(32 325)	5 870
Motor vehicles and watercraft	1 406 757	29 913	677 046	(22 245)	2 091 471	(789 455)	(1)	-	(167 888)	18 478	(938 866)	1 152 605
Specialised vehicles	890 631	14 709	165 212	(29 761)	1 040 791	(388 514)	(7 205)	-	(65 857)	29 401	(432 175)	608 616
Computer equipment	1 134 518	166 371	263 975	(15 780)	1 549 084	(755 359)	14	-	(172 450)	14 769	(913 026)	636 058
Animals	268	-	193	-	461	(94)	-	-	(53)	-	(147)	314
	5 273 525	2 450	2 471 054	(73 733)	7 673 296	(2 600 914)	(2 099)	-	(544 022)	67 807	(3 079 228)	4 594 068
HOUSING RENTAL STOCK	1 542 791	89 493	68 433	(958)	1 699 759	(635 617)	-	-	(47 159)	684	(682 092)	1 017 667
TOTAL PPE (See note 1)	36 051 757	(2 991)	5 736 433	(74 891)	41 710 308	(11 834 500)	(1 959)	(7 110)	(1 591 591)	68 684	(13 366 476)	28 343 832
HERITAGE ASSETS (See note 2)												
Assets under construction	3 634	(3 634)	330	-	330	-	-	-	-	-	-	330
Painting and art galleries	9 108	(27)	-	-	9 081	-	-	-	-	-	-	9 081
	12 742	(3 661)	330	-	9 411	-	-	-	-	-	-	9 411
INVESTMENT PROPERTIES (See note 3)	239 744	22	1 076	-	240 842	(47 266)	(2)	-	(1 629)	-	(48 897)	191 945
INTANGIBLE ASSETS (See note 4)	398 268	6 674	45 450	-	450 392	(297 836)	(1)	-	(27 055)	-	(324 892)	125 500
ASSETS HELD FOR SALE (See note 5)	44	(44)	-	-	-	(1)	1	-	-	-	-	-
TOTAL OTHER	650 798	2 991	46 856	-	700 645	(345 103)	(2)	-	(28 684)	-	(373 789)	326 856
GRAND TOTAL	36 702 555	-	5 783 289	(74 891)	42 410 953	(12 179 603)	(1 961)	(7 110)	(1 620 275)	68 684	(13 740 265)	28 670 688

1. Includes the contributed assets amount of R2,53 million.

2. The transfers/adjustment amount of R1,96 million is due to a change in the landfill site liability and was deducted from the cost of the related asset.

Appendix C: Segmental statement of financial performance for the year ended 30 June 2013

2012			Business Unit	2013		
Actual income	Actual expenditure	Surplus/(Deficit)		Actual income	Actual expenditure	Surplus/(Deficit)
R'000	R'000	R'000		R'000	R'000	R'000
Restated ¹						
13 240 952	11 504 036	1 736 916	Rates and General	15 902 590	12 923 414	2 979 176
366 835	821 685	(454 850)	City Health	391 134	898 940	(507 806)
9	11 218	(11 209)	City Manager	2	2 414	(2 412)
153 216	1 700 941	(1 547 725)	Community Services	183 401	1 896 341	(1 712 940)
120 754	598 720	(477 966)	Corporate Services	62 301	457 393	(395 092)
10 497	87 126	(76 629)	Deputy City Manager	26 527	121 536	(95 009)
80 539	585 705	(505 166)	Economic, Environment and Spatial Planning	104 348	639 277	(534 929)
1 773 347	1 030 635	742 712	Finance	2 248 839	1 150 049	1 098 790
8 195 135	1 768 718	6 426 417	Rates and Other	8 922 491	2 107 753	6 814 738
229 213	1 718 699	(1 489 486)	Safety and Security Services	193 313	1 915 750	(1 722 437)
2 178	79 832	(77 654)	Social and Early Childhood Development	1 027	122 357	(121 330)
23 202	453 001	(429 799)	Tourism, Events and Marketing	26 817	518 941	(492 124)
1 323 038	1 679 918	(356 880)	Transport, Roads and Stormwater	2 557 646	2 011 744	545 902
962 989	967 838	(4 849)	Human settlements	1 184 744	1 080 919	103 825
15 645 876	14 917 231	728 645	Utility Services	17 239 026	16 774 476	464 550
1 947 658	1 797 834	149 824	Waste Management	2 155 923	2 143 298	12 625
1 850 384	1 709 727	140 657	Wastewater Management	2 082 168	2 122 217	(40 049)
3 040 375	3 015 976	24 399	Water	3 274 675	3 226 858	47 817
8 807 459	8 393 694	413 765	Cape Town Electricity	9 726 260	9 282 103	444 157
28 886 828	26 421 267	2 465 561	Subtotal	33 141 616	29 697 890	3 443 726
5 233 241	5 233 241	-	Interdepartmental charges	5 778 162	5 778 162	-
23 653 587	21 188 026	2 465 561	Total	27 363 454	23 919 728	3 443 726

1. Comparative restated: see note 45 for more details.

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

National and Provincial grant funds 2012/2013									
Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
					R'000	R'000			
National Government									
Accreditation: Development Support	State Housing	(1 747)	-	-	123	609	-	-	(1 015)
Budget Reform Funds	National Treasury	(389)	(1 250)	416	1 075	-	-	-	(148)
Department of Environmental Affairs and Tourism	Environmental Affairs	(99)	(155)	-	230	-	-	-	(24)
DME - INEP	Energy	-	-	105	-	(44)	-	(61)	-
Energy Efficiency Electricity Demand Side Management	National Treasury	(6 653)	-	-	1 343	5 287	-	-	(23)
Expanded Public Works Incentive Grant	National Treasury	(9 279)	(29 484)	-	29 433	-	-	-	(9 330)
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	-	-	-	-	-	-	(17)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	-	(522)	-	-	-	-	-	(522)
Natural Resource Management	Environmental Affairs	-	(7 895)	-	5 276	-	-	-	(2 619)
Neighborhood Development Programme	National Treasury	(34 797)	(30 000)	-	-	48 361	-	-	(16 436)
Public Transport and Infrastructure	Transport	(1 043 143)	(1 348 702)	-	128 874	2 078 333	-	-	(184 638)
Restructuring Grant - Seed Funding	National Treasury	(6 733)	-	-	1 702	200	-	-	(4 831)
Urban Renewal	National Treasury	(45 687)	-	-	8 439	9 392	-	-	(27 856)
Urban Settlement Development Grant	National Treasury	(70 867)	(971 980)	-	65 208	911 363	-	-	(66 276)
Water Demand Side	Water	(697)	-	-	-	-	-	-	(697)
Total Dora allocation		(1 220 119)	(2 389 988)	521	241 703	3 053 501	-	(61)	(314 443)
2010 FIFA World Cup: Green Point: Interest account		(6 770)	-	-	-	2 517	(1 168)	-	(4 421)
LGSETA: Post Graduate Internship Programme: Interest account		-	-	-	-	-	(5)	-	(5)
Natural Resource Management: Interest account		-	-	-	-	-	(89)	-	(89)
Neighborhood Development Programme: Interest account		(4 678)	-	-	-	-	(2 043)	-	(6 721)
Public Transport and Infrastructure: Interest account		(147 279)	-	-	-	-	(54 060)	-	(201 339)
Smart Living Handbook: Interest account		(69)	-	-	-	-	(4)	-	(73)
Total Interest earned		(158 796)	-	-	-	2 517	(56 369)	-	(212 648)
Total national government transfers and grants		(1 378 915)	(2 389 988)	521	241 703	3 056 018	(56 369)	(61)	(527 091)
ABET Adult Education	Education	(9)	(4)	-	-	9	-	-	(4)
Accreditation Assistance	Human Settlements	(19 687)	(10 000)	-	3 254	-	(1 078)	-	(27 511)
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	(178)	-	-	-	-	(9)	-	(187)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Bokmakierie / Hazendal Infill 3	Human Settlements	(2 682)	-	-	18	1 527	-	-	(1 137)

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

Description	Source	Balance unspent at beginning of the year ¹ 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	Balance unspent at the end of the year ¹ R'000
					Operating	Capital			
					R'000	R'000			
Browns Farm Phase 3,4,5,6	Human Settlements	(11 564)	-	-	-	-	-	-	(11 564)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 213)	-	-	109	-	(262)	-	(5 366)
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(26)	-	-	-	-	(1)	-	(27)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Community Residential Units	Human Settlements	(15 015)	-	(263 342)	9 170	258 473	-	(24 570)	(35 284)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sportfield Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(3 369)	-	-	-	-	-	-	(3 369)
Dial-a-Ride	Transport and Public Works	(10 424)	(10 000)	-	18 702	260	(395)	-	(1 857)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	(2 807)	6 512	-	-	(3 705)	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	(299)
E Business Project	Treasury	(1 808)	-	-	-	-	(93)	-	(1 901)
Echo Road Housing Project	Human Settlements	(4)	-	-	-	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 541)	-	-	22	-	(130)	-	(2 649)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	-	-	(2 354)	3 216	-	-	(1 212)	(350)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	-	-	-	-	-	(44)
Enkanini Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)
Establishment Grants	Human Settlements	(1 999)	-	(1 402)	1 072	-	(107)	(3)	(2 439)
Facilitation Grants	Human Settlements	(275)	-	(477)	236	-	(21)	-	(537)
False Bay Ecology	Economic Development and Tourism	(1 021)	-	-	-	10	(52)	-	(1 063)
Fire Detection Surveillance Cameras	Human Settlements	(68)	-	-	-	-	(3)	-	(71)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Global Fund	Health	(2 531)	-	-	-	-	(130)	-	(2 661)
Global Fund Anti Retroviral	Health	-	(22 606)	2 287	24 623	-	-	(4 304)	-
Global Fund Community Base Response Project	Health	-	(3 722)	749	3 791	-	-	(818)	-
Government Grant Community Development Workers	Human Settlements	(769)	-	773	-	-	(4)	-	-
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(44)	-	-	-	-	(2)	-	(46)
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	(85)	-	-	-	-	-	-	(85)
Happy Valley - Phase 2 Top Structures	Human Settlements	-	-	(60 507)	68 343	-	-	(7 836)	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(281)	-	-	90	18	(13)	-	(186)
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-

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

Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
					R'000	R'000			
HIV/AIDS Community Based Response Projects	Health	-	(67 569)	9 971	70 983	-	-	(13 385)	-
Hostels Phase 2 Housing	Human Settlements	(996)	-	-	-	-	-	-	(996)
Housing Settlements Development Grant	Human Settlements	-	(634 638)	647 399	-	-	-	(12 761)	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(1 000)	(1 000)	51	529	-	-	-	(1 420)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	-	87	-	-	(87)	-
Kewtown Infill Development	Human Settlements	(190)	-	-	-	-	-	-	(190)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(18)	-	-	-	-	(1)	-	(19)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(831)	-	-	-	-	(43)	-	(874)
Khayelitsha Poverty Reduction Programme	Social Development	(2 661)	-	2 729	-	-	(68)	-	-
Khayelitsha Site C Subsidies	Human Settlements	(5 084)	-	-	1 285	-	(216)	-	(4 015)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(4)	-	-	-	-	-	-	(4)
Kleinvlei Phase 2	Human Settlements	-	-	-	5	-	-	(5)	-
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(105)	-	-	-	-	-	-	(105)
Law Enforcement Officers	Cultural Affairs and Sport	(613)	(6 974)	613	6 511	-	-	-	(463)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Luvuyo Clinic Extension	Health	-	(1 415)	43	-	1 375	-	(3)	-
Macassar Treatment Works	Human Settlements	(8 000)	-	-	-	-	-	-	(8 000)
Mandela Park Sports Fields: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Sport Complex Upgrade	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(92)	-	-	83	-	-	-	(9)
Masiphumelele Tra	Human Settlements	(850)	-	-	-	-	(44)	-	(894)
Masiphumelele Amakhaya Ngoku	Human Settlements	(13 031)	-	-	-	-	(666)	-	(13 697)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Transport Fund	Transport and Public Works	-	-	(42 577)	10 736	31 841	-	-	-
Mfuleni and Strand 12 Houses	Human Settlements	-	-	(183)	57	-	-	-	(126)
Mfuleni EPH Tra	Human Settlements	(218)	-	-	-	-	-	-	(218)
Mfuleni Ext 3	Human Settlements	(129)	-	-	-	-	-	-	(129)
Mfuleni Ext 4 Housing	Human Settlements	(332)	-	-	-	-	-	-	(332)
Mfuleni Flood Relief Project	Human Settlements	(3 005)	-	-	-	-	-	-	(3 005)

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

Description	Source	Balance unspent at beginning of the year ¹ 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	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Mfuleni MLS Topstructure	Human Settlements	(213)	-	-	-	-	-	-	(213)
Mitchell's Plain Infill Phase 1	Human Settlements	(4 200)	-	-	57	-	-	-	(4 143)
Mitchell's Plain Youth and Family Development Centre	Social Development	(692)	-	-	-	-	(35)	-	(727)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(993)	-	-	-	-	(51)	-	(1 044)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(164)	-	-	-	-	-	-	(164)
Nutrition Supplement Programme	Health	-	(4 056)	384	4 140	-	-	(468)	-
Philippi East Top Structures	Human Settlements	(1 530)	-	(2 258)	3 816	-	-	(28)	-
Philippi East Market	Agriculture	(561)	-	-	-	488	(28)	-	(101)
Philippi East Phase 5	Human Settlements	(116)	-	(828)	-	173	-	-	(771)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix Top Structures	Human Settlements	-	-	(52)	-	-	-	-	(52)
Phoenix UISP	Human Settlements	(142)	-	-	20	-	-	-	(122)
Peoples Housing Project	Human Settlements	(44 552)	-	(147 708)	141 381	-	(3 094)	(8 004)	(61 977)
Phumlani Transfers	Human Settlements	(24)	-	-	2	-	-	-	(22)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(178)	-	-	-	-	(9)	-	(187)
Public Library Fund	Cultural Affairs and Sport	(3 350)	(23 470)	-	22 470	2 654	(395)	-	(2 091)
Redhill Informal Settlement	Human Settlements	(257)	-	-	-	-	(13)	-	(270)
River Clean and Green Project	Environmental Affairs and Development Planning	(379)	-	-	-	-	(20)	-	(399)
Rondevlei Housing Project	Human Settlements	(147)	-	-	20	-	-	-	(127)
Scottsdene 350 Top Structures	Human Settlements	-	-	(38 531)	-	53 320	-	(14 789)	-
Scottsdene 550 Top Structures	Human Settlements	-	-	(32 149)	22 307	-	-	-	(9 842)
Social Economic Facilities Programme	Human Settlements	(649)	-	(8 874)	-	8 106	-	(529)	(1 946)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	-	-	-	-	-	(1 142)
Site C Survey and Subdivision	Human Settlements	(232)	-	-	1 447	-	-	(1 215)	-
Somerset West Housing Project	Human Settlements	(4 164)	-	-	-	-	-	-	(4 164)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Table Mountain Biosphere	Environmental Affairs and Development Planning	(7)	-	-	-	-	-	-	(7)
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(3 611)	(12 408)	-	9 934	-	-	-	(6 085)
Temperance Town	Human Settlements	(83)	-	-	-	-	-	-	(83)

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

Description	Source	Balance unspent at beginning of the year ¹ 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	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Upgrade Bishop Lavis Sports Complex	Cultural Affairs and Sport	-	(874)	-	-	-	-	-	(874)
Upgrade Heinz Park Haal	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement Stn	Environmental Affairs and Development Planning	(25)	-	-	-	-	-	-	(25)
Vaccines	Health	-	(67 811)	13 758	65 163	-	-	(11 110)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(224)	(1 352)	-	-	60	(41)	-	(1 557)
Vrygrond	Human Settlements	(35)	-	(8)	9	-	-	-	(34)
Vrygrond (EPH)	Human Settlements	(240)	-	-	25	-	(11)	-	(226)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(15 535)	-	204	1 344	36	-	(355)	(14 306)
Watergate Phase A	Cultural Affairs and Sport	(426)	-	-	-	277	(21)	-	(170)
Witsand Housing Project Phase 1,2	Human Settlements	(184)	-	-	-	-	-	-	(184)
Total Provincial Government transfers and grants		(224 906)	(867 899)	75 523	501 569	358 627	(7 056)	(105 806)	(269 948)
Analysis of grants and subsidies									
Total National Government transfers and grants		(1 378 915)	(2 389 988)	521	241 703	3 056 018	(56 369)	(61)	(527 091)
Total Provincial Government transfers and grants		(224 906)	(867 899)	75 523	501 569	358 627	(7 056)	(105 806)	(269 948)
		(1 603 821)	(3 257 887)	76 044	743 272	3 414 645	(63 425)	(105 867)	(797 039)
1. The balance unspent at beginning and end of the year excludes VAT.									

Appendix E: Appropriation Statement (Reconciliation: Budget and in-year performance) in terms of National Treasury (NT), MFMA Circular no. 67

	2012/2013										2011/2012				
	Original Budget ¹	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget ¹	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Financial Performance															
Property rates	5 124 299	36 837	5 161 136	-	-	5 161 136	5 161 502	-	-	100%	101%	-	-	-	-
Service charges	13 339 039	125 753	13 464 792	-	-	13 464 792	13 099 805	-	-	97%	98%	-	-	-	-
Investment revenue	244 439	1 504	245 943	-	(1 504)	244 439	368 324	-	-	151%	151%	-	-	-	-
Transfers recognised - operational	2 325 525	(154 910)	2 170 615	-	-	2 170 615	1 979 795	-	-	91%	85%	-	-	-	-
Other own revenue	2 868 354	40 706	2 909 060	-	1 504	2 910 564	3 296 767	-	-	113%	115%	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	23 901 656	49 890	23 951 546	-	-	23 951 546	23 906 193	-	-	100%	100%	-	-	-	-
Employee costs	7 777 521	(109 782)	7 667 739	-	(29 539)	7 638 200	7 446 199	-	-	97%	96%	-	-	-	-
Remuneration of councillors	122 384	(9 480)	112 904	-	-	112 904	111 673	-	-	99%	91%	-	-	-	-
Debt impairment	991 026	8 000	999 026	-	-	999 026	933 922	-	-	93%	94%	-	-	-	-
Depreciation & asset impairment	1 444 096	153 937	1 598 033	-	-	1 598 033	1 620 275	-	-	101%	112%	-	-	-	-
Finance charges	768 508	(19 229)	749 279	-	-	749 279	729 174	-	-	97%	95%	-	-	-	-
Materials and bulk purchases	6 837 813	17 274	6 855 087	-	(1 895)	6 853 192	6 675 379	-	-	97%	98%	-	-	-	-
Transfers and grants	50 606	39 737	90 343	-	18 487	108 830	103 144	-	-	95%	204%	-	-	-	-
Other expenditure	6 370 471	(6 562)	6 363 906	-	12 947	6 376 853	6 299 962	-	-	99%	99%	-	-	-	-
Total Expenditure	24 362 425	73 895	24 436 317	-	-	24 436 317	23 919 728	-	-	98%	98%	-	-	-	-
Surplus/(Deficit)	(460 769)	(24 005)	(484 771)	-	-	(484 771)	(13 535)	-	-	3%	3%	-	-	-	-
Transfers recognised - capital	3 280 446	360 655	3 641 101	-	-	3 641 101	3 414 645	-	-	94%	104%	-	-	-	-
Contributions recognised - capital and contributed assets	54 382	(11 591)	42 791	-	-	42 791	42 616	-	-	100%	78%	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions	2 874 059	325 059	3 199 121	-	-	3 199 121	3 443 726	-	-	108%	120%	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 874 059	325 059	3 199 121	-	-	3 199 121	3 443 726	-	-	108%	120%	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	3 280 446	360 655	3 641 101	-	-	3 641 101	3 414 645	-	-	94%	104%	-	-	-	-
Public contributions & donations	54 382	(11 591)	42 791	-	-	42 791	35 076	-	-	82%	64%	-	-	-	-
Borrowing	1 765 377	19 558	1 784 935	-	-	1 784 935	1 665 377	-	-	93%	94%	-	-	-	-
Internally generated funds	826 405	(73 423)	752 982	-	-	752 982	665 664	-	-	88%	81%	-	-	-	-
Total sources of capital funds	5 926 610	295 199	6 221 809	-	-	6 221 809	5 780 762	-	-	93%	98%	-	-	-	-
Cash flows															
Net cash from (used) operating	4 726 735	533 958	5 260 693	-	-	5 260 693	5 418 872	-	-	103%	115%	-	-	-	-
Net cash from (used) investing	(5 803 342)	(336 116)	(6 139 458)	-	-	(6 139 458)	(6 263 563)	-	-	102%	108%	-	-	-	-
Net cash from (used) financing	1 925 729	331 294	2 257 023	-	-	2 257 023	2 252 382	-	-	100%	117%	-	-	-	-
Cash/cash equivalents at the year end	849 122	529 136	1 378 258	-	-	1 378 258	1 407 691	-	-	102%	0%	-	-	-	-

1. The classification of categories for revenue and expenditure differs from the statement of financial performance and the statement of comparison of budget and actuals as the classifications required by NT is different from accounting practice.

AFD	Agence Francaise de Développement
ASB	Accounting Standards Board
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 Southern Africa
DC	defined-contributions
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
EFF	external finance fund
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
ICSID	International Council of Societies of Industrial Design
IDP	Integrated Development Plan
IRM	Integrated Risk Management
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	municipal infrastructure grant
MPAC	Municipal Public Accounts Committee
NT	National Treasury
PAYE	pay-as-you-earn
PGWC	Provincial Government of the 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
WDC	World Design Capital

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