

# CITY OF CAPE TOWN

# 2014



**AUDITED  
CONSOLIDATED  
ANNUAL FINANCIAL  
STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

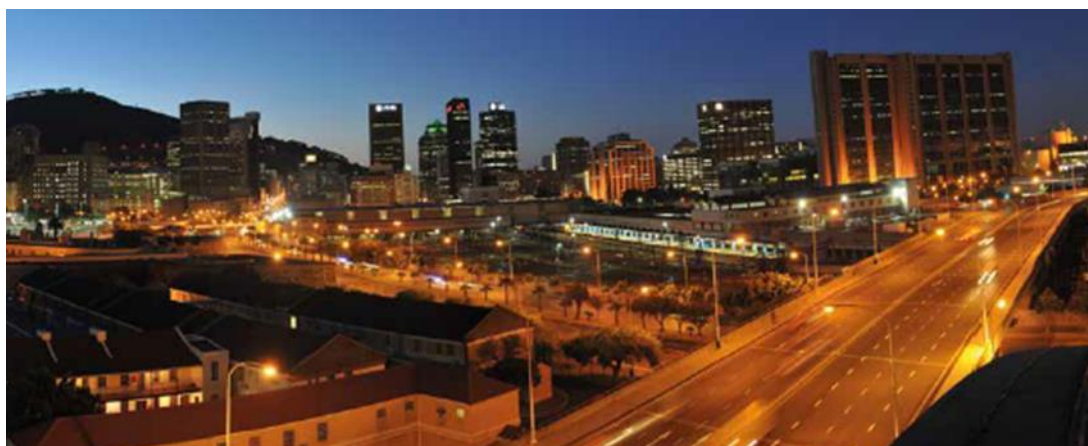


CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

Making progress possible. Together.

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## Reporting entity's mandate

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

The principal activities of the Entity are to:

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

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

**Approval of the consolidated annual financial statements**

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2014, as set out on pages 11 to 85 in terms of section 126(1) of the Municipal Finance Management Act, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 30 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 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 the Act.



**Achmat Ebrahim**  
City Manager

Date: *30* September 2014

## REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN

### REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the consolidated and separate financial statements of the City of Cape Town and its entities set out on pages 11 to 75, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town and its entities as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### Emphasis of matters

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

### Material impairments/losses

8. As disclosed in note 8 to the consolidated financial statements, receivables have been significantly impaired. The impairment allowance amounts to R4,2 billion (50% of the gross balance of receivables) of which R2,9 billion (33% of the gross balance of receivables) relates to service debtors.
9. As disclosed in note 9 to the consolidated financial statements, other receivables have also been significantly impaired. The impairment allowance amounts to R895,3 million (68% of the gross balance of other receivables).
10. As disclosed in note 8 to the consolidated financial statements, material losses to the amount of R574,8 million were incurred as a result of a write-off of irrecoverable trade debtors.

### Material underspending of the budget

11. As disclosed in the consolidated statement of comparison of budget and actual amounts, the municipality has materially underspent the capital budget to the amount of R1,1 billion (20%).

### Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited supplementary schedules

13. The supplementary information set out on pages 193 to 205 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality and its municipal entity for the year ended 30 June 2014.

#### **Municipality**

- Objective 1.2: Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development (page 216 to 217)
- Objective 3.2: Ensure innovative human settlements for increased access to those who need them (pages 218 to 219)
- Objective 3.3: Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria (pages 218 to 219)
- Objective 3.4: Provide for the needs of informal settlements and backyard residences through improved services (pages 218- 219)

#### **Municipal entity (Cape Town International Convention Centre)**

- Key performance area 1: Events (page 215)
- Key performance area 3: Customer centricity and service excellence (page 215)
- Key performance area 6: Governance (page 215)

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

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

19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development objectives.

**Additional matter**

21. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matter:

**Achievement of planned targets**

22. Refer to the annual performance report on pages 216 to 219 for information on the achievement of planned targets for the year.

**Compliance with legislation**

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

**Internal control**

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

**OTHER REPORTS**

**Investigations**

25. As reported in the prior period, an investigation was conducted by the Office of the Public Protector (OPP) into the purchase of land by the City of Cape Town. This resulted in a recommendation by the OPP that an investigation be instituted by the City of Cape Town's forensic, ethics and integrity department (FEID) into supply chain management procedures of the Cape Town International Convention Centre Company SOC Ltd's (CTICC) expansion project. The investigation by the City's FEID and the reviews performed by the board of the CTICC were finalised on 21 October 2014.
26. One hundred and seventy-three (173) open cases (2012-13: 170) relevant to the City of Cape Town appeared in the FEID register at the end of the financial year under review. The movement in the cases is as follows:
- Two hundred and thirty-five (235) new cases relating to alleged fraud, corruption, theft and the misuse of public funds were investigated by the FEID during the year.
  - One hundred and eighty (180) cases were concluded during the year, of which (62) relate to the current year and (118) to prior years.

*Auditor - General*

Cape Town

17 December 2014





**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 Limberg, X Corporate Services
- Alderman Smith, JP Safety and Security Services
- Alderman Walker, B Community Services and Special Projects
- Councillor Bloor, G Tourism, Events and Marketing
- Councillor Herron, BN Transport for Cape Town
- Councillor Little, S Social and Early Childhood Development
- Councillor Mamkeli, S Human Settlements
- Councillor Sonnenberg, EJ Utility Services
- Councillor Van Minnen, B Health
- Councillor Van der Merwe, J Economic, Environmental and Spatial Planning

**Members of the Audit Committee**

- Manjra, Z Chairperson
- Essa, F Member (resigned 18/02/2014)
- Fisher, S Member
- Gunther, J Member
- Moloko, K Member (resigned 27/07/2013)
- Roos, M Member

**Auditors**

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

Private Bag X1  
**Chempet**  
7442

**Bankers**

ABSA Capital  
1<sup>st</sup> 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**  
Ebrahim, A



**Chief Financial Officer**  
Jacoby, K



## Council members of the City of Cape Town

### Councillor/Alderman

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

	Economic entity		Municipality of Cape Town	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Note		Restated <sup>1</sup>		Restated <sup>1</sup>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>34 840 463</b>	<b>29 186 892</b>	<b>34 817 678</b>	<b>29 033 825</b>
Property, plant and equipment	1 30 750 411	27 992 605	30 538 858	27 800 770
Heritage assets	2 9 111	9 411	9 111	9 411
Investment property	3 190 849	191 945	190 849	191 945
Intangible assets	4 729 507	756 609	729 507	756 609
Investments	5 3 056 273	134 657	3 245 041	173 425
Long-term receivables	6 104 312	101 665	104 312	101 665
<b>Current assets</b>	<b>10 300 818</b>	<b>13 091 542</b>	<b>9 904 351</b>	<b>12 900 815</b>
Inventory	7 270 351	257 670	269 283	256 550
Receivables	8 4 308 354	4 170 933	4 309 649	4 172 233
Receivables from exchange transactions	3 064 236	2 993 801	3 064 236	2 993 801
Receivables from non-exchange transactions	1 244 118	1 177 132	1 245 413	1 178 432
Other receivables	9 427 783	304 159	417 304	290 496
Other receivables from exchange transactions	129 204	149 315	118 725	135 652
Other receivables from non-exchange transactions	298 579	154 844	298 579	154 844
Investments	5 2 621 906	3 430 794	2 621 906	3 430 794
Current portion of long-term receivables	6 19 650	20 546	19 650	20 546
Cash and cash equivalents	10 2 652 774	4 907 440	2 266 559	4 730 196
<b>TOTAL ASSETS</b>	<b>45 141 281</b>	<b>42 278 434</b>	<b>44 722 029</b>	<b>41 934 640</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>	<b>12 466 786</b>	<b>11 509 055</b>	<b>12 450 101</b>	<b>11 488 749</b>
Borrowings	11 6 680 623	6 951 845	6 666 139	6 936 236
Provisions	12 5 783 962	4 552 513	5 783 962	4 552 513
Deferred taxation	37 2 201	4 697	-	-
<b>Current liabilities</b>	<b>8 218 660</b>	<b>8 047 768</b>	<b>8 155 256</b>	<b>7 988 695</b>
Deposits	13 398 525	333 288	370 217	308 217
Provisions	14 1 081 799	1 819 924	1 078 550	1 817 235
Payables from exchange transactions	15 4 793 980	4 546 094	4 763 375	4 517 030
Unspent conditional grants and receipts	16 1 495 768	858 556	1 495 768	858 556
Value-added-tax	17 79 021	69 491	79 021	69 491
Taxation	31	919	-	-
Current portion of borrowings	11 369 536	419 496	368 325	418 166
<b>Total liabilities</b>	<b>20 685 446</b>	<b>19 556 823</b>	<b>20 605 357</b>	<b>19 477 444</b>
<b>NET ASSETS</b>				
<b>Total net assets</b>	<b>24 455 835</b>	<b>22 721 611</b>	<b>24 116 672</b>	<b>22 457 196</b>
Housing development fund	18 468 419	504 356	468 419	504 356
Reserves	19 1 751 497	1 793 464	1 751 497	1 793 464
Accumulated surplus	20 22 000 972	20 279 133	21 896 756	20 159 376
Non-controlling interest	21 234 947	144 658	-	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>45 141 281</b>	<b>42 278 434</b>	<b>44 722 029</b>	<b>41 934 640</b>

1. Comparative restated: see note 46 for more details.

		Economic entity		Municipality of Cape Town	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
			Restated <sup>1</sup>		Restated <sup>1</sup>
<b>REVENUE</b>					
<b>Exchange revenue</b>					
		<b>15 674 911</b>	<b>15 202 313</b>	<b>15 372 333</b>	<b>14 935 870</b>
	22	14 063 470	13 242 118	13 903 680	13 099 805
	23	317 890	306 606	317 890	306 606
	24	665 635	640 678	653 365	632 187
		44 386	41 844	44 386	41 844
		150 256	132 469	150 256	132 469
	25	368 368	751 851	237 850	636 212
		64 906	86 747	64 906	86 747
<b>Non-exchange revenue</b>					
		<b>12 695 583</b>	<b>12 319 188</b>	<b>12 818 591</b>	<b>12 427 584</b>
	25	-	-	118 487	106 869
	26	5 542 203	5 074 606	5 546 774	5 076 445
		1 895 992	1 706 690	1 895 992	1 706 690
		729 140	100 524	729 140	100 524
	27	4 442 190	5 394 440	4 442 190	5 394 440
	28	86 058	42 928	86 008	42 616
<b>Total revenue</b>		<b>28 370 494</b>	<b>27 521 501</b>	<b>28 190 924</b>	<b>27 363 454</b>
<b>EXPENDITURE</b>					
	29	8 691 018	7 490 464	8 640 854	7 446 199
	30	120 153	111 881	119 708	111 673
	31	1 327 820	934 057	1 328 226	933 922
		174 129	183 024	174 129	183 024
	32	1 774 683	1 641 953	1 752 270	1 620 275
	33	808 782	730 283	807 283	728 669
	34	6 591 232	6 391 186	6 591 232	6 391 186
		3 405 865	2 911 396	3 312 529	2 825 946
	35	115 034	103 357	115 021	103 144
	36	3 665 698	3 547 265	3 688 252	3 574 247
		2 443	1 594	1 944	1 443
<b>Total expenditure</b>		<b>26 676 857</b>	<b>24 046 460</b>	<b>26 531 448</b>	<b>23 919 728</b>
<b>Surplus from operations</b>		<b>1 693 637</b>	<b>3 475 041</b>	<b>1 659 476</b>	<b>3 443 726</b>
<b>Taxation</b>		(8 487)	(8 908)	-	-
<b>Surplus after taxation</b>		<b>1 685 150</b>	<b>3 466 133</b>	<b>1 659 476</b>	<b>3 443 726</b>
Attributable to owners of the controlling entity		<b>1 677 137</b>	<b>3 457 245</b>		
Attributable to non-controlling interest		8 013	8 888		
<b>SURPLUS FOR THE YEAR</b>		<b>1 685 150</b>	<b>3 466 133</b>		

1. Comparative restated: see note 46 for more details.

### Economic entity

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Non-controlling interest R'000	Total R'000
2013						
Balance at 30 June 2012	521 463	1 274 073	496 182	16 827 990	135 770	19 255 478
Surplus at 30 June 2013	-	-	-	3 457 245	8 888	3 466 133
Transfer to/(from)	3 899	619 686	15 561	(639 146)	-	-
Property, plant and equipment purchased	(21 006)	(612 038)	-	633 044	-	-
<b>Balance as at 30 June 2013</b>	<b>504 356</b>	<b>1 281 721</b>	<b>511 743</b>	<b>20 279 133</b>	<b>144 658</b>	<b>22 721 611</b>
2014						
Surplus for the year	-	-	-	1 677 137	8 013	1 685 150
Share purchases by non controlling interest holders	-	-	-	-	49 074	49 074
Transfer (from)/to for share purchases	-	-	-	(33 202)	33 202	-
Transfer (from)/to	(13 848)	419 180	51 761	(457 093)	-	-
Property, plant and equipment purchased	(22 089)	(512 908)	-	534 997	-	-
<b>Balance as at 30 June 2013</b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>22 000 972</b>	<b>234 947</b>	<b>24 455 835</b>

### Municipality of Cape Town

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Total R'000
2013					
Balance at 30 June 2012	521 463	1 274 073	496 182	16 721 752	19 013 470
Surplus at 30 June 2013	-	-	-	3 443 726	3 443 726
Transfer to/(from)	3 899	619 686	15 561	(639 146)	-
Property, plant and equipment purchased	(21 006)	( 612 038)	-	633 044	-
<b>Balance at 30 June 2013</b>	<b>504 356</b>	<b>1 281 721</b>	<b>511 743</b>	<b>20 159 376</b>	<b>22 457 196</b>
2014					
Surplus for the year	-	-	-	1 659 476	1 659 476
Transfer (from)/to	(13 848)	419 180	51 761	(457 093)	-
Property, plant and equipment purchased	(22 089)	(512 908)	-	534 997	-
<b>Balance at 30 June 2014</b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>21 896 756</b>	<b>24 116 672</b>

	Economic entity		Municipality of Cape Town	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
		Restated <sup>1</sup>		Restated <sup>1</sup>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash receipts from ratepayers, government and other	26 686 088	24 407 168	26 515 253	24 264 338
Cash paid to suppliers and employees	(22 056 756)	(18 888 392)	(21 937 504)	(18 797 879)
Cash generated from operations	38 4 629 332	5 518 776	4 577 749	5 466 459
Finance income	741 644	690 369	729 374	681 878
Finance costs	(793 048)	(647 320)	(791 549)	(645 706)
Taxation	(11 871)	(11 614)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4 566 057</b>	<b>5 550 211</b>	<b>4 515 574</b>	<b>5 502 631</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment and other	(4 544 893)	(5 900 195)	(4 502 293)	(5 868 809)
Proceeds on disposal of assets	71 479	93 835	71 458	93 472
Increase in long-term receivables	(1 751)	(3 125)	(1 751)	(3 125)
Increase in investments	(2 113 558)	(574 187)	(2 263 558)	(574 187)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(6 588 723)</b>	<b>(6 383 672)</b>	<b>(6 696 144)</b>	<b>(6 352 649)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	86	2 384 420	-	2 384 420
Repayment of borrowings	(346 397)	(166 899)	(345 067)	(165 311)
Share purchases by minority interest holders	49 074	-	-	-
Increase in deposits	65 237	41 847	62 000	33 273
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(232 000)</b>	<b>2 259 368</b>	<b>(283 067)</b>	<b>2 252 382</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>39 (2 254 666)</b>	<b>1 425 907</b>	<b>(2 463 637)</b>	<b>1 402 364</b>
Cash and cash equivalents at the beginning of the year	4 907 440	3 481 533	4 730 196	3 327 832
<b>Cash and cash equivalents at the end of the year</b>	<b>2 652 774</b>	<b>4 907 440</b>	<b>2 266 559</b>	<b>4 730 196</b>

1. Comparative restated: An amount of R85,05 million was reclassified between cash generated from operations and finance income.

Note	Actuals	Approved budget	Final budget	Variance: Final budget and actual amounts	Variance
	R'000	R'000	R'000	R'000	%
<b>STATEMENT OF FINANCIAL POSITION 41.2.1</b>					
Total non-current assets	34 840 463	33 525 814	33 418 774	(1 421 689)	(4,25)
Total current assets	10 300 818	11 085 280	11 425 726	1 124 908	9,85
<b>Total assets</b>	<b>45 141 281</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>(296 781)</b>	<b>(0,66)</b>
Total non-current liabilities	12 466 786	11 249 547	12 689 826	223 040	1,76
Total current liabilities	8 218 660	8 556 365	8 213 344	(5 316)	(0,06)
<b>Total liabilities</b>	<b>20 685 446</b>	<b>19 805 912</b>	<b>20 903 170</b>	<b>217 724</b>	<b>1,04</b>
Total net assets	24 455 835	24 805 182	23 941 330	(514 505)	(2,15)
<b>Total net assets and liabilities</b>	<b>45 141 281</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>(296 781)</b>	<b>(0,66)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE 41.2.2</b>					
Service charges	14 063 470	14 604 532	14 414 988	351 518	2,44
Rental of letting stock and facilities	317 890	336 471	336 823	18 933	5,62
Finance income	665 635	517 217	511 113	(154 522)	(30,23)
Licences and permits	44 386	35 601	39 280	(5 106)	(13,00)
Agency services	150 256	121 993	134 992	(15 264)	(11,31)
Other income	368 368	290 755	297 822	(70 546)	(23,69)
Gains on disposal of property, plant and equipment	64 906	69 000	69 000	4 094	5,93
Property rates	5 542 203	5 427 388	5 427 388	(114 815)	(2,12)
Fuel levy	1 895 992	1 895 992	1 895 992	-	-
Fines	729 140	183 256	168 710	(560 430)	(332,18)
Government grants and subsidies	4 442 190	5 123 583	5 459 104	1 016 914	18,63
Public contributions	86 058	55 629	99 017	12 959	13,09
<b>Total revenue</b>	<b>28 370 494</b>	<b>28 661 417</b>	<b>28 854 229</b>	<b>483 735</b>	<b>1,68</b>
Employee-related costs	8 691 018	8 304 409	9 510 134	819 116	8,61
Remuneration of councillors	120 153	123 721	123 721	3 568	2,88
Impairment costs	1 327 820	886 357	901 357	(426 463)	(47,32)
Collection costs	174 129	190 732	190 478	16 349	8,58
Depreciation and amortisation expenses	1 774 683	1 941 391	1 964 374	189 691	9,66
Finance costs	808 782	863 950	864 010	55 228	6,39
Bulk purchases	6 591 232	6 898 881	6 607 911	16 679	0,25
Contracted services	3 405 865	3 289 162	3 447 109	41 244	1,20
Grants and subsidies paid	115 034	39 544	122 494	7 460	6,09
General expenses	3 665 698	3 774 189	3 665 718	20	-
Losses on disposal of property, plant and equipment	2 443	-	4	(2 439)	(609,75)
<b>Total expenditure</b>	<b>26 676 857</b>	<b>26 312 336</b>	<b>27 397 310</b>	<b>720 453</b>	<b>2,63</b>
<b>Surplus for the year</b>	<b>1 693 637</b>	<b>2 349 081</b>	<b>1 456 919</b>	<b>(236 718)</b>	<b>(16,25)</b>
<b>CASH FLOW STATEMENT 41.2.3</b>					
Net cash from (used) operating	4 566 057	4 447 103	4 639 183	73 126	1,58
Net cash from (used) investing	(6 588 723)	(5 109 063)	(5 536 736)	1 051 987	(19,00)
Net cash from (used) financing	(232 000)	(598 143)	(598 143)	(366 143)	61,21
<b>Net decrease in cash and cash equivalents</b>	<b>(2 254 666)</b>	<b>(1 260 103)</b>	<b>(1 495 696)</b>	<b>758 970</b>	<b>(50,74)</b>
<b>CAPITAL EXPENDITURE 41.2.4</b>					
City Health	25 185	23 717	30 096	4 911	16,32
City Manager	13 070	13 892	14 095	1 025	7,27
Compliance and Auxiliary Services	24 044	37 865	31 343	7 299	23,29
Community Services	161 422	222 027	209 126	47 704	22,81
Corporate Services	286 544	258 892	294 109	7 565	2,57
Economic, Environment and Spatial Planning	54 193	58 459	64 469	10 276	15,94
Finance	13 384	11 784	44 204	30 820	69,72
Safety and Security	63 809	67 927	64 280	471	0,73
Social and Early Childhood Development	7 142	5 460	7 838	696	8,88
Tourism, Events and Marketing	23 102	28 661	26 530	3 428	12,92
Transport, Roads and Stormwater	1 113 033	1 415 743	1 617 285	504 252	31,18
Human Settlements	564 330	626 894	772 040	207 710	26,90
Solid Waste Management	136 619	264 938	139 505	2 886	2,07
Water and Sanitation	823 478	956 230	933 026	109 548	11,74
Cape Town Electricity	1 192 938	1 458 104	1 363 695	170 757	12,52
Subsidiaries	42 599	246 490	48 766	6 167	12,65
<b>Total 1</b>	<b>4 544 892</b>	<b>5 697 083</b>	<b>5 660 407</b>	<b>1 115 515</b>	<b>19,71</b>

1. The actual capital expenditure amount does not include the contributed assets amount of R33,44 million. See appendix B.

Note	Actual	Approved budget	Final budget	Variance: Final budget and actual amounts	Variance
	R'000	R'000	R'000	R'000	%
<b>STATEMENT OF FINANCIAL POSITION 41.2.1</b>					
Total non-current assets	34 817 678	33 525 814	33 418 774	(1 398 904)	(4,19)
Total current assets	9 904 351	11 085 280	11 425 726	1 521 375	13,32
<b>Total assets</b>	<b>44 722 029</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>122 471</b>	<b>0,27</b>
Total non-current liabilities	12 450 101	11 249 547	12 689 826	239 725	1,89
Total current liabilities	8 155 256	8 556 365	8 213 344	58 088	0,71
<b>Total liabilities</b>	<b>20 605 357</b>	<b>19 805 912</b>	<b>20 903 170</b>	<b>297 813</b>	<b>1,42</b>
Total net assets	24 116 672	24 805 182	23 941 330	(175 342)	(0,73)
<b>Total net assets and liabilities</b>	<b>44 722 029</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>122 471</b>	<b>0,27</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE 41.2.2</b>					
Service charges	13 903 680	14 442 391	14 254 547	350 867	2,46
Rental of letting stock and facilities	317 890	336 471	336 823	18 933	5,62
Finance income	653 365	503 143	503 415	(149 950)	(29,79)
Licences and permits	44 386	35 601	39 280	(5 106)	(13,00)
Agency services	150 256	121 993	134 992	(15 264)	(11,31)
Other income	356 337	283 950	291 017	(65 320)	(22,45)
Gains on disposal of property, plant and equipment	64 906	69 000	69 000	4 094	5,93
Property rates	5 546 774	5 427 388	5 427 388	(119 386)	(2,20)
Fuel levy	1 895 992	1 895 992	1 895 992	-	-
Fines	729 140	183 256	168 710	(560 430)	(332,19)
Government grants and subsidies	4 442 190	5 123 583	5 459 104	1 016 914	18,63
Public contributions	86 008	55 629	99 017	13 009	13,14
<b>Total revenue</b>	<b>28 190 924</b>	<b>28 478 397</b>	<b>28 679 285</b>	<b>488 361</b>	<b>1,70</b>
Employee-related costs	8 640 854	8 253 458	9 459 183	818 329	8,65
Remuneration of councillors	119 708	123 721	123 721	4 013	3,24
Impairment costs	1 328 226	886 092	901 092	(427 134)	(47,40)
Collection costs	174 129	190 732	190 478	16 349	8,58
Depreciation and amortisation expenses	1 752 270	1 914 841	1 937 824	185 554	9,58
Finance costs	807 283	863 894	863 954	56 671	6,56
Bulk purchases	6 591 232	6 898 881	6 607 911	16 679	0,25
Contracted services	3 312 529	3 192 182	3 350 129	37 600	1,12
Grants and subsidies paid	115 021	39 544	122 494	7 473	6,10
General expenses	3 688 252	3 780 737	3 669 133	(19 119)	(0,52)
Losses on disposal of property, plant and equipment	1 944	-	4	(1 940)	(485,00)
<b>Total expenditure</b>	<b>26 531 448</b>	<b>26 144 082</b>	<b>27 225 923</b>	<b>694 475</b>	<b>2,55</b>
<b>Surplus for the year</b>	<b>1 659 476</b>	<b>2 334 315</b>	<b>1 453 362</b>	<b>(206 114)</b>	<b>(14,18)</b>
<b>CASH FLOW STATEMENT 41.2.3</b>					
Net cash from (used) operating	4 515 574	4 447 103	4 639 183	123 609	2,66
Net cash from (used) investing	(6 696 144)	(5 109 063)	(5 536 736)	1 159 408	(20,94)
Net cash from (used) financing	(283 067)	(598 143)	(598 143)	(315 076)	52,68
<b>Net decrease in cash and cash equivalents</b>	<b>(2 463 637)</b>	<b>(1 260 103)</b>	<b>(1 495 696)</b>	<b>967 941</b>	<b>(64,72)</b>
<b>CAPITAL EXPENDITURE 41.2.4</b>					
City Health	25 185	23 717	30 096	4 911	16,32
City Manager	13 070	13 892	14 095	1 025	7,27
Compliance and Auxiliary Services	24 044	37 865	31 343	7 299	23,29
Community Services	161 422	222 027	209 126	47 704	22,81
Corporate Services	286 544	258 892	294 109	7 565	2,57
Economic, Environment and Spatial Planning	54 193	58 459	64 469	10 276	15,94
Finance	13 384	11 784	44 204	30 820	69,72
Safety and Security	63 809	67 927	64 280	471	0,73
Social and Early Childhood Development	7 142	5 460	7 838	696	8,88
Tourism, Events and Marketing	23 102	28 661	26 530	3 428	12,92
Transport, Roads and Stormwater	1 113 033	1 415 743	1 617 285	504 252	31,18
Human Settlements	564 330	626 894	772 040	207 710	26,90
Solid Waste Management	136 619	264 938	139 505	2 886	2,07
Water and Sanitation	823 478	956 230	933 026	109 548	11,74
Cape Town Electricity	1 192 938	1 458 104	1 363 695	170 757	12,52
<b>Total <sup>1</sup></b>	<b>4 502 293</b>	<b>5 450 593</b>	<b>5 611 641</b>	<b>1 109 348</b>	<b>19,77</b>

1. The actual capital expenditure amount does not include the contributed assets amount of R33,39 million.

## GENERAL INFORMATION

The address of the economic entity's registered office and principal place of business is disclosed under "General information", while the Entity's principal activities are described under "Reporting entity's mandate" on page 1 of these annual consolidated financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 46, 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 Generally Recognised Accounting Practices (GRAP) standards issued by the Accounting Standards Board (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 Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### ▪ Operating lease commitments – Entity as lessor

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

#### ▪ Pension and other post-employment benefits

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

#### ▪ Impairment of receivables

The calculation in respect of the impairment of 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 notes 12 and 48 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 are 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.

#### ▪ Cash-generating assets

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the City does not control assets that meet the definition of cash-generating assets, and that the GRAP Standard for the impairment of non-cash-generating assets will apply to all assets of the City.

## Adoption of new and revised standards

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

The Entity has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, 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 2014, the following standards had been issued but were not yet effective:

- Annual periods commencing on or after 1 April 2015:
  - GRAP 105 - Transfers of functions between entities under common control
  - GRAP 106 - Transfers of functions between entities not under common control
  - GRAP 107 - Mergers
- No effective dates provided yet:
  - GRAP 18 - Segment reporting
  - GRAP 20 - Related-party disclosures (revised)
  - GRAP 32 - Service concession arrangements: Grantor
  - GRAP 108 - Statutory receivables

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.



## CONSOLIDATION

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

### Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the group controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity with inter group investments eliminated on consolidation.

## HOUSING FUNDS

The housing development fund was established in terms of the Housing Act (Act 107 of 1997).

### Housing development fund

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

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

### Unrealised housing proceeds

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

## RESERVES

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

### Capital replacement reserve (CRR)

In order to finance the 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 may not be used for their maintenance unless otherwise directed by Council.
- 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 or deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

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

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

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

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

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

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, 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 Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

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

**Depreciation rates**

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

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-10
Water	15-30	Office equipment	2-10
Sewerage	15-20	Watercraft	10
Housing	30	Bins and containers	5
Telecommunications	10-30	Landfill sites	30
		Specialised vehicles	8-20
		Library books	1
<b>Community</b>		Furniture and fittings	5-15
Recreational facilities	20-30	Central processing units	2-6
Security	5-10	Plant and equipment	2-10

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable as it has an indefinite useful life. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

**HERITAGE ASSETS**

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

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 made only 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.

**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 is recognised in the statement of financial performance.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

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

#### Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. 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.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition rights	8
Computer software	5-10

#### IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All City of Cape Town assets are classified as non-cash-generating assets.

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

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 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 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 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 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.

#### IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the Cape Town International Convention Centre (Pty) Ltd (CTICC) with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by the profit-orientated CTICC, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value-in-use.

Useful life is either:

- the period of time over which an asset is expected to be used by the CTICC; or
- the number of production or similar units expected to be obtained from the assets by the CTICC.

Criteria developed by the CTICC to distinguish cash-generating assets from non-cash-generating assets are as follows:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The CTICC assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the CTICC estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the CTICC also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value-in-use

The value-in-use of a cash-generating asset 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.

When estimating the value-in-use of an asset, the CTICC estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, and applies the appropriate discount rate to those future cash flows.

**Composition of estimates of future cash flows**

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the CTICC expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

**Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

**Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a re-valued cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the CTICC recognises a liability only to the extent that is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**CASH AND CASH EQUIVALENTS**

Cash includes cash on hand, cash held 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 during which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

**VALUE-ADDED TAX**

The Entity accounts for value-added tax (VAT) 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 Entity, meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant, transfer or donation recognised as an asset is subject to conditions that 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 that are not subject to any conditions are recognised as revenue when the assets are 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 applies, it is included in the opening and closing balances.

**PROVISIONS**

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and 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 Entity's policy, taking into account current technological, environmental and regulatory requirements.

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

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

The Entity provides retirement benefits for its employees and councillors. 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 during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued tri-annually based 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 during which they become payable.

**Post-retirement pension funds**

Pensions paid to employees who had not been members of any of the official pension funds and who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the contributions on a monthly basis to the fund, which 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 during which they occur.

**Medical aid: Continued members**

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

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 60%, 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after December 2000 do not qualify for a post-retirement medical aid subsidy.

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

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the 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 during which 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 is recognised the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

**REVENUE RECOGNITION**

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and 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. For the subsidiary Cape Town International Convention Centre (Pty) Ltd (CTICC), revenue comprises the invoiced value of goods and service sales net of value-added tax, rebates and all discounts.

**Revenue from exchange transactions**

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor "Unutilised conditional grants" if the grant conditions indicate that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

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

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

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

#### Revenue from non-exchange transactions

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been 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 the fine is issued.

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 Entity. 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 MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

## LEASES

### The Entity as lessee

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.

Currently, the Entity has no finance lease agreements.

### The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The subsidiary CITCC accounts for rental received from such leases as a percentage of turnover, and recognises it as it accrues.

## GRANTS-IN-AID

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

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

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

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently 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 Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

### • Investments at cost

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

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

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

### Financial liabilities

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

Financial liabilities are derecognised when the obligation specified in the contract is discharged 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 during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. 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), Municipal Systems Act (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 statements and, where recovered, is subsequently accounted for as revenue.

### 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 statements and, where recovered, is subsequently accounted for as revenue.

### 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 during which they arise.

### BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budgets covers the fiscal period from 1 July 2013 to 30 June 2014. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the annual financial statements.

The annual budget figures accounted for in the financial statements are for the Entity and all municipal entities as listed in note 49.1. 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 Integrated Development Plan (IDP) process.

**OFFSETING**

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

**BORROWING COSTS**

Borrowing costs that are incurred by the Entity are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

**SERVICES IN KIND**

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

**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.

**RELATED PARTIES**

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



## 1. PROPERTY, PLANT AND EQUIPMENT

## Economic entity

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>As at 30 June 2014</b>							
Land and buildings	1 844 695	164 821	232 396	(1 366)	(44 334)	(65 248)	2 130 964
Infrastructure	15 066 383	(397 950)	2 842 989	-	(681 472)	-	16 829 950
Community	6 043 963	224 568	296 944	-	(286 223)	-	6 279 252
Other	4 019 897	(1 101 072)	931 969	(3 947)	(588 053)	(76)	3 258 718
Service concession	-	878 098	73 670	-	(73 356)	-	878 412
Housing rental stock	1 017 667	227 456	177 573	(643)	(48 938)	-	1 373 115
<b>TOTAL</b>	<b>27 992 605</b>	<b>(4 079)</b>	<b>4 555 541</b>	<b>(5 956)</b>	<b>(1 722 376)</b>	<b>(65 324)</b>	<b>30 750 411</b>

(See appendix B for more details)

## As at 30 June 2013

Land and buildings	1 672 539	94 755	125 777	(57)	(41 215)	(7 104)	1 844 695
Infrastructure	13 428 939	(405 083)	2 754 460	-	(711 933)	-	15 066 383
Community	5 676 045	215 534	413 260	(7)	(260 863)	(6)	6 043 963
Other	2 714 889	351	1 863 139	(6 383)	(552 099)	-	4 019 897
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	-	1 017 667
<b>TOTAL</b>	<b>24 399 586</b>	<b>(4 950)</b>	<b>5 225 069</b>	<b>(6 721)</b>	<b>(1 613 269)</b>	<b>(7 110)</b>	<b>27 992 605</b>

## Municipality of Cape Town

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>As at 30 June 2014</b>							
Land and buildings	1 709 798	164 832	220 500	(891)	(31 392)	(65 248)	1 997 599
Infrastructure	15 066 383	(397 950)	2 842 989	-	(681 472)	-	16 829 950
Community	6 043 963	224 568	296 944	-	(286 223)	-	6 279 252
Other	3 962 959	(1 101 072)	901 215	(3 913)	(578 583)	(76)	3 180 530
Service concession	-	878 098	73 670	-	(73 356)	-	878 412
Housing rental stock	1 017 667	227 456	177 573	(643)	(48 938)	-	1 373 115
<b>TOTAL</b>	<b>27 800 770</b>	<b>(4 068)</b>	<b>4 512 891</b>	<b>(5 447)</b>	<b>(1 699 964)</b>	<b>(65 324)</b>	<b>30 538 858</b>

(See appendix B for more details)

## 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	413 260	(7)	(260 863)	(6)	6 043 963
Other	2 672 611	351	1 839 945	(5 926)	(544 022)	-	3 962 959
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	-	1 017 667
<b>TOTAL</b>	<b>24 217 257</b>	<b>(4 950)</b>	<b>5 193 371</b>	<b>(6 207)</b>	<b>(1 591 591)</b>	<b>(7 110)</b>	<b>27 800 770</b>

Provision has been made for the estimated cost of rehabilitating waste sites, included in other assets, as described in note 12.

The Entity is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets has any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the financial year under review, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 46.3).

Fully depreciated assets at an original cost of R669,82 million (2013: R806,31 million) are still in use.

The value-in-use of impaired land is based on an estimate of the percentage of that land that will generate future cash flows or value-in-use. The recoverable amount of impaired assets is R21,20 million (2013: R3,91 million). Impairment losses arise mainly from land purchases that are earmarked for low-cost housing, where the cost of land will not be recovered.

Provision has been made for the integrated rapid transit (IRT) taxi association compensation, as described in note 14.

In August 2013, the City entered into long-term agreements with three operators to run a high-quality bus-based urban transit or IRT system known as MyCiTi. In terms of these agreements, the City has made available to the operators busses (and related depots) purchased by the City for the purposes of rendering the MyCiTi services. The agreements are for an initial period of 12 years, after which a new tender process will be followed. In terms of the agreements, the City has full control over the nature, timing and extent of the services that the operators have to perform, and the fees for the services rendered are determined as per the operator-specific schedules and annexes that form part of the signed agreements.

The 2013 comparative amount of R27,99 billion has been restated from R28,62 billion (see note 46).

#### Impairment consideration for cash-generating assets

In line with the Entity's accounting policy for property, plant and equipment and the GRAP standard for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment.

Management has confirmed the following:

#### Cash-generating unit comprises:

	2014 R'000	2013 R'000
Escalators	2 354	2 677
Elevators	2 790	3 313
Cold rooms	1 082	1 225
Air-conditioning system	13 140	15 044
Auditorium seating	661	1 130
Building	94 551	97 144
Kitchen and catering	4 551	4 500
<b>TOTAL</b>	<b>119 129</b>	<b>125 033</b>

- The main purpose of establishing the centre was to generate spin-off returns for the region.
- Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- Since inception, all initial targets for the region (spin-offs) and the operation of the Convention Centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
- Despite this, the value-in-use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- A discount rate of 13,9% (2013: 10,7%) was used, which was calculated using the risk-free rate of the R186 of 8,4%, adjusted by 5,5% for uncertainty regarding the timing and extent of certain of the cash flows.

Based on the calculation of value-in-use, the fair value of R149 million was determined. The current carrying value of R119,13 million was established for the building at date of calculation. This has resulted in a nil reversal of impairment.

## 2. HERITAGE ASSETS

	Economic entity				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Assets under construction	330	(330)	-	-	-
Paintings and art galleries	9 081	-	37	(7)	9 111
<b>TOTAL</b>	<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>(7)</b>	<b>9 111</b>
(See appendix B for more details)					
<b>As at 30 June 2013</b>					
Assets under construction	3 634	(3 634)	330	-	330
Paintings and art galleries	9 108	(27)	-	-	9 081
<b>TOTAL</b>	<b>12 742</b>	<b>(3 661)</b>	<b>330</b>	<b>-</b>	<b>9 411</b>

## Municipality of Cape Town

Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
R'000	R'000	R'000	R'000	R'000
330	(330)	-	-	-
9 081	-	37	(7)	9 111
<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>(7)</b>	<b>9 111</b>

**As at 30 June 2014**

Assets under construction  
Paintings and art galleries

**TOTAL**

(See appendix B for more details)

**As at 30 June 2013**

Assets under construction  
Paintings and art galleries

**TOTAL**

3 634	(3 634)	330	-	330
9 108	(27)	-	-	9 081
<b>12 742</b>	<b>(3 661)</b>	<b>330</b>	<b>-</b>	<b>9 411</b>

Heritage assets are held at cost, as it is impractical to determine their fair value.

**3. INVESTMENT PROPERTY**

## Economic entity

Opening balance	Transfers/ adjustments	Additions	Depreciation	Carrying value
R'000	R'000	R'000	R'000	R'000
148 574	-	-	-	148 574
43 371	545	-	(1 641)	42 275
<b>191 945</b>	<b>545</b>	<b>-</b>	<b>(1 641)</b>	<b>190 849</b>

**As at 30 June 2014**

Vacant land  
Land and buildings

**TOTAL**

(See appendix B for more details)

**As at 30 June 2013**

Vacant land  
Land and buildings

**TOTAL**

147 498	-	1 076	-	148 574
44 980	20	-	(1 629)	43 371
<b>192 478</b>	<b>20</b>	<b>1 076</b>	<b>(1 629)</b>	<b>191 945</b>

## Municipality of Cape Town

Opening balance	Transfers/ adjustments	Additions	Depreciation	Carrying value
R'000	R'000	R'000	R'000	R'000
148 574	-	-	-	148 574
43 371	545	-	(1 641)	42 275
<b>191 945</b>	<b>545</b>	<b>-</b>	<b>(1 641)</b>	<b>190 849</b>

**As at 30 June 2014**

Vacant land  
Land and buildings

**TOTAL**

(See appendix B for more details)

**As at 30 June 2013**

Vacant land  
Land and buildings

**TOTAL**

147 498	-	1 076	-	148 574
44 980	20	-	(1 629)	43 371
<b>192 478</b>	<b>20</b>	<b>1 076</b>	<b>(1 629)</b>	<b>191 945</b>

## 4. INTANGIBLE ASSETS

	Economic entity				Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Amortisation	
	R'000	R'000	R'000	R'000	
<b>As at 30 June 2014</b>					
Assets under construction	631 109	(414 389)	-	-	216 720
Acquisition of rights	-	414 389	-	(20 019)	414 389
Computer software	125 500	811	22 752	(30 646)	98 398
<b>TOTAL</b>	<b>756 609</b>	<b>811</b>	<b>22 752</b>	<b>(50 665)</b>	<b>729 507</b>

(See appendix B for more details)

	Economic entity				Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Amortisation	
	R'000	R'000	R'000	R'000	
<b>As at 30 June 2013</b>					
Assets under construction	-	-	631 109	-	631 109
Computer software	100 432	6 673	45 450	(27 055)	125 500
<b>TOTAL</b>	<b>100 432</b>	<b>6 673</b>	<b>676 559</b>	<b>(27 055)</b>	<b>756 609</b>

	Municipality of Cape Town				Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Amortisation	
	R'000	R'000	R'000	R'000	
<b>As at 30 June 2014</b>					
Assets under construction	631 109	(414 389)	-	-	216 720
Acquisition of rights	-	414 389	-	(20 019)	414 389
Computer software	125 500	811	22 752	(30 646)	98 398
<b>TOTAL</b>	<b>756 609</b>	<b>811</b>	<b>22 752</b>	<b>(50 665)</b>	<b>729 507</b>

(See appendix B for more details)

	Municipality of Cape Town				Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Amortisation	
	R'000	R'000	R'000	R'000	
<b>As at 30 June 2013</b>					
Assets under construction	-	-	631 109	-	631 109
Computer software	100 432	6 673	45 450	(27 055)	125 500
<b>TOTAL</b>	<b>100 432</b>	<b>6 673</b>	<b>676 559</b>	<b>(27 055)</b>	<b>756 609</b>

The 2013 comparative amount of R756,61 million has been restated from R125,50 million (see note 46).

## 5. INVESTMENTS

	Economic entity			
	Amortised cost	Fair value	Cost	Total
	R'000	R'000	R'000	R'000
<b>As at 30 June 2014</b>				
RSA Government stock	69 820	-	-	69 820
Sinking-fund deposits – see note 11 and 40	1 631 750	-	-	1 631 750
Other fixed deposits	1 074 572	-	-	1 074 572
Deposits held with fund managers	-	5 314 123	-	5 314 123
	2 776 142	5 314 123	-	8 090 265
Provision for impairment	(5 328)	-	-	(5 328)
<b>Net investments</b>	<b>2 770 814</b>	<b>5 314 123</b>	<b>-</b>	<b>8 084 937</b>
Current portion transferred to short-term investments	(39 556)	(2 582 350)	-	(2 621 906)
Current portion transferred to cash and cash equivalents – see note 10	(1 069 173)	(1 337 585)	-	(2 406 758)
<b>TOTAL</b>	<b>1 662 085</b>	<b>1 394 188</b>	<b>-</b>	<b>3 056 273</b>

## Investments detailed as follows:

Balance at the beginning of the year	3 725 749	4 534 245	-	8 259 994
Capital invested	24 406 980	1 500 000	-	25 906 980
Investments matured	(25 505 263)	(1 050 000)	-	(26 555 263)
Recognised in the statement of financial performance	143 348	329 878	-	473 226
Finance income	143 348	340 595	-	483 943
Losses on valuation of investments	-	(2 865)	-	(2 865)
Transaction cost	-	(7 852)	-	(7 852)
<b>Balance at the end of the year</b>	<b>2 770 814</b>	<b>5 314 123</b>	<b>-</b>	<b>8 084 937</b>

	Economic entity			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2013</b>				
RSA Government stock	60 746	-	-	60 746
Sinking-fund deposits – see note 11 and 40	80 157	820 718	-	900 875
Other fixed deposits	3 590 174	-	-	3 590 174
Deposits held with fund managers	-	3 713 527	-	3 713 527
	3 731 077	4 534 245	-	8 265 322
Provision for impairment	(5 328)	-	-	(5 328)
<b>Net investments</b>	3 725 749	4 534 245	-	8 259 994
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 10	(3 584 777)	(1 109 766)	-	(4 694 543)
<b>TOTAL</b>	<b>134 657</b>	<b>-</b>	<b>-</b>	<b>134 657</b>

**Investments detailed as follows:**

Balance at the beginning of the year	1 720 142	4 595 400	-	6 315 542
Capital invested	23 176 126	2 100 000	-	25 276 126
Investments matured	(21 299 503)	(2 450 000)	-	(23 749 503)
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)
<b>Balance at the end of the year</b>	<b>3 725 749</b>	<b>4 534 245</b>	<b>-</b>	<b>8 259 994</b>

	Municipality of Cape Town			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2014</b>				
RSA Government stock	69 820	-	-	69 820
Sinking-fund deposits – see note 11 and 40	1 631 750	-	-	1 631 750
Other fixed deposits	726 439	-	-	726 439
Deposits held with fund managers	-	5 314 123	-	5 314 123
Shares in CTICC	-	-	434 000	434 000
	2 428 009	5 314 123	434 000	8 176 132
Provision for impairment	(5 328)	-	(245 232)	(250 560)
<b>Net investments</b>	2 422 681	5 314 123	188 768	7 925 572
Current portion transferred to short-term investments	(39 556)	(2 582 350)	-	(2 621 906)
Current portion transferred to cash and cash equivalents – see note 10	(721 040)	(1 337 585)	-	(2 058 625)
<b>TOTAL</b>	<b>1 662 085</b>	<b>1 394 188</b>	<b>188 768</b>	<b>3 245 041</b>

**Investments detailed as follows:**

Balance at the beginning of the year	3 573 973	4 534 245	38 768	8 146 986
Capital invested	23 380 360	1 500 000	150 000	25 030 360
Investments matured	(24 675 000)	(1 050 000)	-	(25 725 000)
Recognised in the statement of financial performance	143 348	329 878	-	473 226
Finance income	143 348	340 595	-	483 943
Loss on valuation of investments	-	(2 865)	-	(2 865)
Transaction cost	-	(7 852)	-	(7 852)
<b>Balance at the end of the year</b>	<b>2 422 681</b>	<b>5 314 123</b>	<b>188 768</b>	<b>7 925 572</b>

## Municipality of Cape Town

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2013</b>				
RSA Government stock	60 746	-	-	60 746
Sinking-fund deposits – see note 11 and 40	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)
<b>Net investments</b>	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 10	(3 433 001)	(1 109 766)	-	(4 542 767)
<b>TOTAL</b>	<b>134 657</b>	<b>-</b>	<b>38 768</b>	<b>173 425</b>

**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
Loss on valuation of investments	-	(7 903)	-	(7 903)
Transaction cost	-	(4 638)	-	(4 638)
<b>Balance at the end of the year</b>	<b>3 573 973</b>	<b>4 534 245</b>	<b>38 768</b>	<b>8 146 986</b>

**Collateral deposits for staff housing loans**

Included in other fixed deposits are fixed deposits with a carrying value of R0,48 million (2013: R0,48 million), which were pledged as security deposits for securing staff home loans with financial institutions.

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

**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 COID Act, (Act 130 of 1993). The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

**6. LONG-TERM RECEIVABLES**

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Sporting bodies	897	1 033	897	1 033
Housing land sales	868	947	868	947
	2 860	2 992	2 860	2 992
Public organisations	6 075	7 672	6 075	7 672
Provision for impairment	(3 215)	(4 680)	(3 215)	(4 680)
	119 337	117 239	119 337	117 239
Housing selling developments	131 806	155 944	131 806	155 944
Provision for impairment	(12 469)	(38 705)	(12 469)	(38 705)
	123 962	122 211	123 962	122 211
Current portion transferred to current receivables	(19 650)	(20 546)	(19 650)	(20 546)
<b>TOTAL</b>	<b>104 312</b>	<b>101 665</b>	<b>104 312</b>	<b>101 665</b>

**Reconciliation of impairment provision**

Balance at beginning of the year	43 385	82 481	43 385	82 481
Contributions from provisions	(27 701)	(39 096)	(27 701)	(39 096)
<b>Balance as at 30 June</b>	<b>15 684</b>	<b>43 385</b>	<b>15 684</b>	<b>43 385</b>

**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 (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

**Public organisations**

Loans to public organisations are granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the final loan repayments are scheduled for 2032. Examples of public organisations that were granted loans are the National War Memorial and the 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.

**7. INVENTORY**

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Consumable stores	218 798	211 875	217 730	210 755
Medical supplies	294	786	294	786
Spare parts and meters	21 313	18 530	21 313	18 530
Water	19 649	12 792	19 649	12 792
Other goods held for resale	10 297	13 687	10 297	13 687
<b>TOTAL</b>	<b>270 351</b>	<b>257 670</b>	<b>269 283</b>	<b>256 550</b>

Inventory to the value of R3,27 million (2013: R803 263) was scrapped during the year. Inventories (excluding bulk water) that were recognised as stores issues during the year amounted to R995,52 million, of which a portion was capitalised. (2013: R881,64 million restated from R870,76 million. A review of the prior year store issues data revealed errors due to the incorrect report parameters used to extract the information),

## 8. RECEIVABLES

	Economic entity					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 507 650	(3 443 414)	3 064 236	6 230 054	(3 236 253)	2 993 801
Service debtors	5 572 972	(2 854 984)	2 717 988	5 170 784	(2 548 961)	2 621 823
Housing rental stock	543 828	(473 022)	70 806	487 603	(421 438)	66 165
Housing selling stock	175 969	(106 031)	69 938	357 476	(261 089)	96 387
Other exchange debtors	214 881	(9 377)	205 504	214 191	(4 765)	209 426
<b>From non-exchange transactions</b>	2 031 671	(787 553)	1 244 118	1 985 961	(808 829)	1 177 132
Rates debtors	2 002 711	(781 263)	1 221 448	1 954 506	(800 238)	1 154 268
Other non-exchange debtors	28 960	(6 290)	22 670	31 455	(8 591)	22 864
<b>TOTAL</b>	<b>8 539 321</b>	<b>(4 230 967)</b>	<b>4 308 354</b>	<b>8 216 015</b>	<b>(4 045 082)</b>	<b>4 170 933</b>

As at 30 June 2014, the City's receivables balance included an amount of approximately R106,37 million (2013: R106,37 million) owed by National and Provincial Government.

**Reconciliation of impairment provision**

	2014 R'000	2013 R'000
Balance at beginning of the year	4 045 082	4 181 256
Contributions to provisions	766 563	885 350
Transfers from provisions	(5 853)	(17 054)
Bad debts written off	(574 825)	(1 004 470)
<b>Balance as at 30 June</b>	<b>4 230 967</b>	<b>4 045 082</b>

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



## Economic entity

## Analysis of receivables' age in days

As at 30 June 2014

As at 30 June 2013

	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>6 507 650</b>	<b>(3 443 414)</b>	<b>3 064 236</b>	<b>6 230 054</b>	<b>(3 236 253)</b>	<b>2 993 801</b>
<b>Service debtors</b>	<b>5 572 972</b>	<b>(2 854 984)</b>	<b>2 717 988</b>	<b>5 170 784</b>	<b>(2 548 961)</b>	<b>2 621 823</b>
<b>Electricity</b>	1 303 716	(133 746)	1 169 970	1 321 140	(154 439)	1 166 701
Not due	866 720	-	866 720	896 663	(13 988)	882 675
0-30	127 737	-	127 737	119 640	(1 866)	117 774
31-60	32 317	-	32 317	40 545	(633)	39 912
61-90	21 948	-	21 948	16 945	(264)	16 681
91-365	121 248	-	121 248	111 397	(1 738)	109 659
365+	133 746	(133 746)	-	135 950	(135 950)	-
<b>Water</b>	2 637 398	(1 728 483)	908 915	2 389 548	(1 533 672)	855 876
Not due	360 859	(63 944)	296 915	354 779	(61 555)	293 224
0-30	116 261	(20 601)	95 660	71 395	(12 387)	59 008
31-60	70 453	(12 484)	57 969	66 740	(11 579)	55 161
61-90	69 382	(12 295)	57 087	73 117	(12 686)	60 431
91-365	487 706	(86 422)	401 284	469 512	(81 460)	388 052
365+	1 532 737	(1 532 737)	-	1 354 005	(1 354 005)	-
<b>Waste management</b>	439 662	(251 862)	187 800	390 415	(221 209)	169 206
Not due	51 260	(3 224)	48 036	51 520	-	51 520
0-30	28 022	(1 762)	26 260	17 550	-	17 550
31-60	15 387	(968)	14 419	12 676	-	12 676
61-90	14 084	(886)	13 198	12 556	-	12 556
91-365	91 652	(5 765)	85 887	74 904	-	74 904
365+	239 257	(239 257)	-	221 209	(221 209)	-
<b>Wastewater management</b>	1 192 196	(740 893)	451 303	1 069 681	(639 641)	430 040
Not due	175 050	(24 087)	150 963	171 089	(19 642)	151 447
0-30	57 280	(7 882)	49 398	33 296	(3 822)	29 474
31-60	35 830	(4 930)	30 900	30 839	(3 540)	27 299
61-90	32 182	(4 428)	27 754	34 777	(3 992)	30 785
91-365	222 969	(30 681)	192 288	215 810	(24 775)	191 035
365+	668 885	(668 885)	-	583 870	(583 870)	-
<b>Housing rental stock</b>	<b>543 828</b>	<b>(473 022)</b>	<b>70 806</b>	<b>487 603</b>	<b>(421 438)</b>	<b>66 165</b>
Not due	44 590	(26 558)	18 032	47 661	(28 702)	18 959
0-30	18 058	(10 755)	7 303	15 676	(9 440)	6 236
31-60	9 423	(5 612)	3 811	8 155	(4 911)	3 244
61-90	9 372	(5 582)	3 790	9 074	(5 464)	3 610
91-365	93 645	(55 775)	37 870	85 761	(51 645)	34 116
365+	368 740	(368 740)	-	321 276	(321 276)	-

## Analysis of receivables' age in days - continued

	As at 30 June 2014			As at 30 June 2013		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Housing selling stock</b>	<b>175 969</b>	<b>(106 031)</b>	<b>69 938</b>	<b>357 476</b>	<b>(261 089)</b>	<b>96 387</b>
Not due	28 334	(2 657)	25 677	82 351	(20 386)	61 965
0-30	17 880	(1 637)	16 243	4 383	(1 004)	3 379
31-60	(2)	-	(2)	3 874	(961)	2 913
61-90	1 090	(103)	987	2 066	(514)	1 552
91-365	29 824	(2 791)	27 033	35 256	(8 678)	26 578
365+	98 843	(98 843)	-	229 546	(229 546)	-
<b>Other exchange debtors</b>	<b>214 881</b>	<b>(9 377)</b>	<b>205 504</b>	<b>214 191</b>	<b>(4 765)</b>	<b>209 426</b>
Not due	196 113	(1 412)	194 701	321 648	(31 361)	290 287
0-30	6 281	(45)	9 236	(23 282)	2 270	(21 012)
31-60	2 920	(21)	2 899	(31 246)	3 046	(28 200)
61-90	475	(4)	471	(10 284)	1 003	(9 281)
91-365	1 206	(9)	1 197	(24 784)	2 416	(22 368)
365+	7 886	(7 886)	-	(17 861)	17 861	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 031 671</b>	<b>(787 553)</b>	<b>1 244 118</b>	<b>1 985 961</b>	<b>(808 829)</b>	<b>1 177 132</b>
<b>Rates debtors</b>	<b>2 002 711</b>	<b>(781 263)</b>	<b>1 221 448</b>	<b>1 954 506</b>	<b>(800 238)</b>	<b>1 154 268</b>
Not due	839 350	(3 446)	835 904	733 280	(19 098)	714 182
0-30	43 208	(177)	43 031	(16 333)	424	(15 909)
31-60	34 301	(140)	34 161	65 568	(1 705)	63 863
61-90	35 301	(145)	35 156	62 974	(1 637)	61 337
91-365	274 321	(1 125)	273 196	339 625	(8 830)	330 795
365+	776 230	(776 230)	-	769 392	(769 392)	-
<b>Other non-exchange debtors</b>	<b>28 960</b>	<b>(6 290)</b>	<b>22 670</b>	<b>31 455</b>	<b>(8 591)</b>	<b>22 864</b>
Not due	13 836	-	13 836	15 474	(1 509)	13 965
0-30	4 093	-	4 093	2 249	(219)	2 030
31-60	767	-	767	1 415	(138)	1 277
61-90	604	-	604	1 298	(127)	1 171
91-365	3 370	-	3 370	4 899	(478)	4 421
365+	6 290	(6 290)	-	6 120	(6 120)	-
<b>TOTAL</b>	<b>8 539 321</b>	<b>(4 230 967)</b>	<b>4 308 354</b>	<b>8 216 015</b>	<b>(4 045 082)</b>	<b>4 170 933</b>

Included in the column "Not due" are debtors to the value of R698,80 million (2013: R642,62 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period, as well as amounts billed that were only invoiced after year-end.

## Municipality of Cape Town

	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 507 650	(3 443 414)	3 064 236	6 230 054	(3 236 253)	2 993 801
Service debtors	5 572 972	(2 854 984)	2 717 988	5 170 784	(2 548 961)	2 621 823
Housing rental stock	543 828	(473 022)	70 806	487 603	(421 438)	66 165
Housing selling stock	175 969	(106 031)	69 938	357 476	(261 089)	96 387
Other exchange debtors	214 881	(9 377)	205 504	214 191	(4 765)	209 426
<b>From non-exchange transactions</b>	2 032 966	(787 553)	1 245 413	1 987 261	(808 829)	1 178 432
Rates debtors	2 004 006	(781 263)	1 222 743	1 955 806	(800 238)	1 155 568
Other non-exchange debtors	28 960	(6 290)	22 670	31 455	(8 591)	22 864
<b>TOTAL</b>	<b>8 540 616</b>	<b>(4 230 967)</b>	<b>4 309 649</b>	<b>8 217 315</b>	<b>(4 045 082)</b>	<b>4 172 233</b>

**Reconciliation of impairment provision**

	2014 R'000	2013 R'000
Balance at beginning of the year	4 045 082	4 181 256
Contributions to provisions	766 563	885 350
Transfers from provisions	(5 853)	(17 054)
Bad debts written off	(574 825)	(1 004 470)
<b>Balance as at 30 June</b>	<b>4 230 967</b>	<b>4 045 082</b>

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

As at 30 June 2014

As at 30 June 2013

	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>6 507 650</b>	<b>(3 443 414)</b>	<b>3 064 236</b>	<b>6 230 054</b>	<b>(3 236 253)</b>	<b>2 993 801</b>
<b>Service debtors</b>	<b>5 572 972</b>	<b>(2 854 984)</b>	<b>2 717 988</b>	<b>5 170 784</b>	<b>(2 548 961)</b>	<b>2 621 823</b>
<b>Electricity</b>	1 303 716	(133 746)	1 169 970	1 321 140	(154 439)	1 166 701
Not due	866 720	-	866 720	896 663	(13 988)	882 675
Past due						
1-30	127 737	-	127 737	119 640	(1 866)	117 774
31-60	32 317	-	32 317	40 545	(633)	39 912
61-90	21 948	-	21 948	16 945	(264)	16 681
91-365	121 248	-	121 248	111 397	(1 738)	109 659
365+	133 746	(133 746)	-	135 950	(135 950)	-
<b>Water</b>	2 637 398	(1 728 483)	908 915	2 389 548	(1 533 672)	855 876
Not due	360 859	(63 944)	296 915	354 779	(61 555)	293 224
Past due						
1-30	116 261	(20 601)	95 660	71 395	(12 387)	59 008
31-60	70 453	(12 484)	57 969	66 740	(11 579)	55 161
61-90	69 382	(12 295)	57 087	73 117	(12 686)	60 431
91-365	487 706	(86 422)	401 284	469 512	(81 460)	388 052
365+	1 532 737	(1 532 737)	-	1 354 005	(1 354 005)	-
<b>Waste management</b>	439 662	(251 862)	187 800	390 415	(221 209)	169 206
Not due	51 260	(3 224)	48 036	51 520	-	51 520
Past due						
1-30	28 022	(1 762)	26 260	17 550	-	17 550
31-60	15 387	(968)	14 419	12 676	-	12 676
61-90	14 084	(886)	13 198	12 556	-	12 556
91-365	91 652	(5 765)	85 887	74 904	-	74 904
365+	239 257	(239 257)	-	221 209	(221 209)	-
<b>Wastewater management</b>	1 192 196	(740 893)	451 303	1 069 681	(639 641)	430 040
Not due	175 050	(24 087)	150 963	171 089	(19 642)	151 447
Past due						
1-30	57 280	(7 882)	49 398	33 296	(3 822)	29 474
31-60	35 830	(4 930)	30 900	30 839	(3 540)	27 299
61-90	32 182	(4 428)	27 754	34 777	(3 992)	30 785
91-365	222 969	(30 681)	192 288	215 810	(24 775)	191 035
365+	668 885	(668 885)	-	583 870	(583 870)	-
<b>Housing rental stock</b>	<b>543 828</b>	<b>(473 022)</b>	<b>70 806</b>	<b>487 603</b>	<b>(421 438)</b>	<b>66 165</b>
Not due	44 590	(26 558)	18 032	47 661	(28 702)	18 959
Past due						
1-30	18 058	(10 755)	7 303	15 676	(9 440)	6 236
31-60	9 423	(5 612)	3 811	8 155	(4 911)	3 244
61-90	9 372	(5 582)	3 790	9 074	(5 464)	3 610
91-365	93 645	(55 775)	37 870	85 761	(51 645)	34 116
365+	368 740	(368 740)	-	321 276	(321 276)	-

## Analysis of receivables' age in days - continued

As at 30 June 2014

As at 30 June 2013

	<b>Gross balance R'000</b>	<b>Allowance for impairment R'000</b>	<b>Net balance R'000</b>	<b>Gross balance R'000</b>	<b>Allowance for impairment R'000</b>	<b>Net balance R'000</b>
<b>Housing selling stock</b>	<b>175 969</b>	<b>(106 031)</b>	<b>69 938</b>	<b>357 476</b>	<b>(261 089)</b>	<b>96 387</b>
Not due	28 334	(2 657)	25 677	82 351	(20 386)	61 965
Past due						
1-30	17 880	(1 637)	16 243	4 383	(1 004)	3 379
31-60	(2)	-	(2)	3 874	(961)	2 913
61-90	1 090	(103)	987	2 066	(514)	1 552
91-365	29 824	(2 791)	27 033	35 256	(8 678)	26 578
365+	98 843	(98 843)	-	229 546	(229 546)	-
<b>Other exchange debtors</b>	<b>214 881</b>	<b>(9 377)</b>	<b>205 504</b>	<b>214 191</b>	<b>(4 765)</b>	<b>209 426</b>
Not due	196 113	(1 412)	194 701	321 648	(31 361)	290 287
Past due						
1-30	6 281	(45)	9 236	(23 282)	2 270	(21 012)
31-60	2 920	(21)	2 899	(31 246)	3 046	(28 200)
61-90	475	(4)	471	(10 284)	1 003	(9 281)
91-365	1 206	(9)	1 197	(24 784)	2 416	(22 368)
365+	7 886	(7 886)	-	(17 861)	17 861	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 032 966</b>	<b>(787 553)</b>	<b>1 245 413</b>	<b>1 987 261</b>	<b>(808 829)</b>	<b>1 178 432</b>
<b>Rates debtors</b>	<b>2 004 006</b>	<b>(781 263)</b>	<b>1 222 743</b>	<b>1 955 806</b>	<b>(800 238)</b>	<b>1 155 568</b>
Not due	840 645	(3 446)	837 199	734 580	(19 098)	715 482
Past due						
1-30	43 208	(177)	43 031	(16 333)	424	(15 909)
31-60	34 301	(140)	34 161	65 568	(1 705)	63 863
61-90	35 301	(145)	35 156	62 974	(1 637)	61 337
91-365	274 321	(1 125)	273 196	339 625	(8 830)	330 795
365+	776 230	(776 230)	-	769 392	(769 392)	-
<b>Other non-exchange debtors</b>	<b>28 960</b>	<b>(6 290)</b>	<b>22 670</b>	<b>31 455</b>	<b>(8 591)</b>	<b>22 864</b>
Not due	13 836	-	13 836	15 474	(1 509)	13 965
Past due						
1-30	4 093	-	4 093	2 249	(219)	2 030
31-60	767	-	767	1 415	(138)	1 277
61-90	604	-	604	1 298	(127)	1 171
91-365	3 370	-	3 370	4 899	(478)	4 421
365+	6 290	(6 290)	-	6 120	(6 120)	-
<b>TOTAL</b>	<b>8 540 616</b>	<b>(4 230 967)</b>	<b>4 309 649</b>	<b>8 217 315</b>	<b>(4 045 082)</b>	<b>4 172 233</b>

## 9. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	186 457	(57 253)	129 204	203 921	(54 606)	149 315
Payments made in advance	1 652	-	1 652	3 143	-	3 143
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Other exchange debtors	104 568	(14 574)	89 994	128 643	(11 814)	116 829
<b>From non-exchange transactions</b>	1 136 685	(838 106)	298 579	154 844	-	154 844
Government subsidies	112 385	-	112 385	107 506	-	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	-	47 338
<b>TOTAL</b>	<b>1 323 142</b>	<b>(895 359)</b>	<b>427 783</b>	<b>358 765</b>	<b>(54 606)</b>	<b>304 159</b>

Included in "Other exchange debtors" is an amount of R11,75 million (2013: R24,89 million) for VAT owed by the South African Revenue Service (SARS).

The 2013 comparative amount of R304,16 million has been restated from R304,28 million (see note 46).

**Reconciliation of impairment provision**

	2014 R'000	2013 R'000
Balance at beginning of the year	54 606	48 137
Contributions to/(from) provision	8 820	6 932
Transfer to provisions	834 039	-
Bad debts written off	(2 106)	(463)
<b>Balance as at 30 June</b>	<b>895 359</b>	<b>54 606</b>

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

**Economic entity**  
**Analysis of receivables' age in days**

	As at 30 June 2014			As at 30 June 2013		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>186 457</b>	<b>(57 253)</b>	<b>129 204</b>	<b>203 921</b>	<b>(54 606)</b>	<b>149 315</b>
<b>Payment made in advance</b>	<b>1 652</b>	-	<b>1 652</b>	<b>3 143</b>	-	<b>3 143</b>
Not due	1 652	-	1 652	3 143	-	3 143
<b>Property rentals</b>	<b>80 237</b>	<b>(42 679)</b>	<b>37 558</b>	<b>72 135</b>	<b>(42 792)</b>	<b>29 343</b>
Not due	7 142	(141)	7 001	7 152	-	7 152
0-30	22 934	(452)	22 482	16 500	-	16 500
31-60	1 361	(27)	1 334	858	-	858
61-90	(4 603)	91	(4 512)	(2 904)	-	(2 904)
91-365	11 479	(226)	11 253	7 737	-	7 737
365+	41 924	(41 924)	-	42 792	(42 792)	-
<b>Other exchange debtors</b>	<b>104 568</b>	<b>(14 574)</b>	<b>89 994</b>	<b>128 643</b>	<b>(11 814)</b>	<b>116 829</b>
Not due	72 578	(63)	72 515	94 595	(110)	94 485
0-30	14 112	(1 936)	12 176	14 614	(2 476)	12 138
31-60	1 109	(13)	1 096	1 842	(8)	1 834
61-90	(1 348)	87	(1 261)	314	(25)	289
91-365	5 673	(205)	5 468	8 886	(803)	8 083
365+	12 444	(12 444)	-	8 392	(8 392)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>1 136 685</b>	<b>(838 106)</b>	<b>298 579</b>	<b>154 844</b>	<b>-</b>	<b>154 844</b>
<b>Government subsidies</b>	<b>112 385</b>	<b>-</b>	<b>112 385</b>	<b>107 506</b>	<b>-</b>	<b>107 506</b>
Not due	112 385	-	112 385	107 506	-	107 506
<b>Other non-exchange debtors</b>	<b>1 024 300</b>	<b>(838 106)</b>	<b>186 194</b>	<b>47 338</b>	<b>-</b>	<b>47 338</b>
Not due	21 519	-	21 519	47 338	-	47 338
0-30	47 576	(39 180)	8 396	-	-	-
31-60	56 150	(46 241)	9 909	-	-	-
61-90	54 589	(44 956)	9 633	-	-	-
91-365	448 075	(369 003)	79 072	-	-	-
365+	396 391	(338 726)	57 665	-	-	-
<b>TOTAL</b>	<b>1 323 142</b>	<b>(895 359)</b>	<b>427 783</b>	<b>358 765</b>	<b>(54 606)</b>	<b>304 159</b>

## Municipality of Cape Town

As at 30 June 2014

As at 30 June 2013

	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	174 069	(55 344)	118 725	187 799	(52 147)	135 652
Payments made in advance	4	-	4	803	-	803
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Other exchange debtors	93 828	(12 665)	81 163	114 861	(9 355)	105 506
<b>From non-exchange transactions</b>	1 136 685	(838 106)	298 579	154 844	-	154 844
Government subsidies	112 385	-	112 385	107 506	-	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	-	47 338
<b>TOTAL</b>	<b>1 310 754</b>	<b>(893 450)</b>	<b>417 304</b>	<b>342 643</b>	<b>(52 147)</b>	<b>290 496</b>

## Reconciliation of impairment provision

Balance at beginning of the year  
 Contributions to provisions  
 Transfers to provisions  
 Bad debts written off  
**Balance as at 30 June**

2014 R'000	2013 R'000
52 147	45 799
469 957	6 797
373 452	-
(2 106)	(449)
<b>893 450</b>	<b>52 147</b>



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

	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>174 069</b>	<b>(55 344)</b>	<b>118 725</b>	<b>187 799</b>	<b>(52 147)</b>	<b>135 652</b>
<b>Payment made in advance</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>803</b>	<b>-</b>	<b>803</b>
Not due	4	-	4	803	-	803
<b>Property rentals</b>	<b>80 237</b>	<b>(42 679)</b>	<b>37 558</b>	<b>72 135</b>	<b>(42 792)</b>	<b>29 343</b>
Not due	7 142	(141)	7 001	7 152	-	7 152
Past due						
1-30	22 934	(452)	22 482	16 500	-	16 500
31-60	1 361	(27)	1 334	858	-	858
61-90	(4 603)	91	(4 512)	(2 904)	-	(2 904)
91-365	11 479	(226)	11 253	7 737	-	7 737
365+	41 924	(41 924)	-	42 792	(42 792)	-
<b>Other exchange debtors</b>	<b>93 828</b>	<b>(12 665)</b>	<b>81 163</b>	<b>114 861</b>	<b>(9 355)</b>	<b>105 506</b>
Not due	72 578	(63)	72 515	94 595	(110)	94 485
Past due						
1-30	6 208	(27)	6 181	5 325	(17)	5 308
31-60	127	(13)	114	92	(8)	84
61-90	(1 415)	87	(1 328)	241	(25)	216
91-365	3 886	(205)	3 681	6 216	(803)	5 413
365+	12 444	(12 444)	-	8 392	(8 392)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>1 136 685</b>	<b>(838 106)</b>	<b>298 579</b>	<b>154 844</b>	<b>-</b>	<b>154 844</b>
<b>Government subsidies</b>	<b>112 385</b>	<b>-</b>	<b>112 385</b>	<b>107 506</b>	<b>-</b>	<b>107 506</b>
Not due	112 385	-	112 385	107 506	-	107 506
<b>Other non-exchange debtors</b>	<b>1 024 300</b>	<b>(838 106)</b>	<b>186 194</b>	<b>47 338</b>	<b>-</b>	<b>47 338</b>
Not due	21 519	-	21 519	47 338	-	47 338
Past due						
1-30	47 576	(39 180)	8 396	-	-	-
31-60	56 150	(46 241)	9 909	-	-	-
61-90	54 589	(44 956)	9 633	-	-	-
91-365	448 075	(369 003)	79 072	-	-	-
365+	396 391	(338 726)	57 665	-	-	-
<b>TOTAL</b>	<b>1 310 754</b>	<b>(893 450)</b>	<b>413 304</b>	<b>342 643</b>	<b>(52 147)</b>	<b>290 496</b>

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>10. CASH AND CASH EQUIVALENTS (BANK AND CASH)</b>				
Bank balance	212 997	172 066	174 987	146 726
Year-end accruals	(26)	(170)	(26)	(170)
Interest accrual	465	395	465	395
Bank charges accrual	(491)	(565)	(491)	(565)
Cash on hand and in transit	33 045	41 001	32 973	40 873
Call and term deposits	1 069 173	3 584 777	721 040	3 433 001
<b>Amortised cost</b> – see note 5 and 45	<b>1 315 189</b>	<b>3 797 674</b>	<b>928 974</b>	<b>3 620 430</b>
Call and term deposits	1 329 160	1 098 128	1 329 160	1 098 128
Bank accounts - fund managers	8 425	11 638	8 425	11 638
<b>Fair value</b> – see note 5 and 45	<b>1 337 585</b>	<b>1 109 766</b>	<b>1 337 585</b>	<b>1 109 766</b>
<b>TOTAL</b>	<b>2 652 774</b>	<b>4 907 440</b>	<b>2 266 559</b>	<b>4 730 196</b>

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

(See appendix C for disclosure of bank accounts in terms of the Municipal Finance Management Act, section 125(2)(a)).

The 2013 comparative amount of R4,90 billion has been restated from R4,91 billion (see note 46).

## 11. BORROWINGS

Local registered stock loans	4 275 489	4 282 536	4 275 489	4 282 536
Concessionary loans	1 945 512	2 071 323	1 945 512	2 071 323
Other loans	829 158	1 017 482	813 463	1 000 543
Subtotal – see appendix A for more details	7 050 159	7 371 341	7 034 464	7 354 402
Current portion transferred to current liabilities	(369 536)	(419 496)	(368 325)	(418 166)
<b>TOTAL</b>	<b>6 680 623</b>	<b>6 951 845</b>	<b>6 666 139</b>	<b>6 936 236</b>

A total of R1,63 billion (2013: R900,88 million) has been ring-fenced for the repayment of long-term liabilities – see note 5 and 40 for more details.

LOCAL REGISTERED STOCK LOANS	4 275 489	4 282 536	4 275 489	4 282 536
<b>ABSA Nominees (Pty) Ltd</b>	-	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 capitalised, was used to settle the original loan liability on 31 March 2014.

### Listed bonds

In terms of the Entity's domestic medium-term note (DMTN) programme, registered on the Johannesburg Stock Exchange (JSE) Limited unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% and 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. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). Sinking funds have been established for the guaranteed repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

4 275 489	4 275 489	4 275 489	4 275 489
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	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>CONCESSIONARY LOANS</b>	<b>1 945 512</b>	<b>2 071 323</b>	<b>1 945 512</b>	<b>2 071 323</b>
<b>Agence Française de Développement (AFD)</b>	1 924 290	2 046 972	1 924 290	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 instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028.				
<b>Nedcor Bank</b>	22	19	22	19
An unsecured loan bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019.				
<b>Development Bank of Southern Africa (DBSA)</b>	21 200	24 332	21 200	24 332
An unsecured fixed-term concessionary loan bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.				
<b>OTHER LOANS</b>	<b>829 158</b>	<b>1 017 482</b>	<b>813 463</b>	<b>1 000 543</b>
<b>DBSA</b>	444 308	583 891	444 308	583 891
Unsecured loans bearing interest at fixed rates ranging between 9,42% and 12,25% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2015 to 31 December 2022.				
<b>ABSA Bank</b>	80 000	100 000	80 000	100 000
An unsecured loan bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.				
<b>FirstRand Bank</b>	130 432	148 465	130 432	148 465
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 instalments of capital and fixed interest over 15 years, and the balance of R225,70 million payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.				
As part of the loan structure, the Entity purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the Entity to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the put-option agreement and any other debt liability.				



**SHORT-TERM DEBT FACILITIES**

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

	2014	2013
	R'000	R'000
Performance guarantee and/or letters of credit	15 000	15 000
Business travel card	2 000	2 000
Daylight limit	2 000 000	2 000 000

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

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

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

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

**Business travel card**

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

**Daylight limit**

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

**12. PROVISIONS (NON-CURRENT)**

	Economic entity				Total
	Long-service leave benefits	Environmental rehabilitation	Post- retirement health care benefits	Post-retirement pension benefits	
	R'000	R'000	R'000	R'000	R'000
<b>As at 30 June 2014</b>					
Balance at the beginning of the year	436 620	332 991	3 728 253	54 649	4 552 513
Interest costs	37 154	31 685	358 004	5 235	432 078
Service costs	34 745	45 340	97 345	2 021	179 451
Benefit payments	(47 392)	-	(153 737)	(1 206)	(202 335)
Actuarial (gains)/losses	(7 295)	(167 947)	1 027 156	(29 518)	822 396
Transferred from current provisions (prior-year)	49 059	60 000	154 653	2 125	265 837
	502 891	302 069	5 211 674	33 306	6 049 940
Transfer to current provision	(66 264)	(28 000)	(169 684)	(2 030)	(265 978)
<b>TOTAL</b>	<b>436 627</b>	<b>274 069</b>	<b>5 041 990</b>	<b>31 276</b>	<b>5 783 962</b>

## Municipality of Cape Town

	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
<b>As at 30 June 2014</b>					
Balance at the beginning of the year	436 620	332 991	3 728 253	54 649	4 552 513
Interest costs	37 154	31 685	358 004	5 235	432 078
Service costs	34 745	45 340	97 345	2 021	179 451
Benefit payments	(47 392)	-	(153 737)	(1 206)	(202 335)
Actuarial (gains)/losses	(7 295)	(167 947)	1 027 156	(29 518)	822 396
Transferred from current provisions (prior-year)	49 059	60 000	154 653	2 125	265 837
	502 891	302 069	5 211 674	33 306	6 049 940
Transfer to current provision	(66 264)	(28 000)	(169 684)	(2 030)	(265 978)
<b>TOTAL</b>	<b>436 627</b>	<b>274 069</b>	<b>5 041 990</b>	<b>31 276</b>	<b>5 783 962</b>

**Long-service leave benefits**

An actuarial valuation has been performed of the Entity's liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of 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 2014 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 8,10% (2013: 7,65%) per annum has been used.

2014	2013
%	%

**Key financial assumptions**

Discount rate	8,10	7,65
General inflation rate (consumer price index)	6,00	5,82
Salary increase	8,00	6,82

**Environmental rehabilitation**

Provision is made in terms of the Entity's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent valuation performed by a firm of consulting engineers.

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 5,90% (2013: 5,60%), discounted to present values at the average borrowing cost of 10,42% (2013: 9,81%)
- The scheduled dates of total closure and rehabilitation are at present anticipated to be between 2015 and 2025.

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

An actuarial valuation has been performed of the Entity's liability in respect of benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – see note 47 for more details.

**13. DEPOSITS**

	Economic entity		Municipality of Cape Town	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Electricity and water	364 235	305 337	364 235	305 337
Other deposits	34 290	27 951	5 982	2 880
<b>TOTAL</b>	<b>398 525</b>	<b>333 288</b>	<b>370 217</b>	<b>308 217</b>

Guarantees held in lieu of electricity and water deposits were R79,08 million (2013: R13,18 million). Deposits are released when the owner/occupant of a property terminates the contract with the Entity to supply water and electricity to the property, or when certain contractual services are delivered.

## 14. PROVISIONS (CURRENT)

	Economic entity				Closing balance 2014 R'000
	Opening balance 2014 R'000	Raised R'000	Reversed R'000	Transfers from non-current R'000	
	Other provisions	1 082 139	69 557	(878 693)	
Insurance claims	10 255	20 856	(10 255)	-	20 856
Post-retirement benefits	156 778	-	(156 778)	171 714	171 714
Environmental rehabilitation	60 000	-	(60 000)	28 000	28 000
Leave benefits	508 063	59 709	(49 059)	66 264	584 977
Performance bonuses	2 689	3 249	(2 689)	-	3 249
<b>TOTAL</b>	<b>1 819 924</b>	<b>153 371</b>	<b>(1 157 474)</b>	<b>265 978</b>	<b>1 081 799</b>

	Municipality of Cape Town				Closing balance 2014 R'000
	Opening balance 2014 R'000	Raised R'000	Utilised/ Reversed R'000	Transfers from non-current R'000	
	Other provisions	1 082 139	69 557	(878 693)	
Insurance claims	10 255	20 856	(10 255)	-	20 856
Post-retirement benefits	156 778	-	(156 778)	171 714	171 714
Environmental rehabilitation	60 000	-	(60 000)	28 000	28 000
Leave benefits	508 063	59 709	(49 059)	66 264	584 977
<b>TOTAL</b>	<b>1 817 235</b>	<b>150 122</b>	<b>(1 154 785)</b>	<b>265 978</b>	<b>1 078 550</b>

**Insurance and COID claims**

Provision has been made for outstanding insurance claims as at 30 June 2014, 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.

**Other provisions**

Included in "Other provisions" is an amount of R203,45 million for the taxi associations' compensation relating to the implementation of the expanded IRT routes. The remainder of the balance consists of various other provisions.

**Performance bonuses**

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

Economic entity		Municipality of Cape Town	
2014 R'000	2013 R'000	2014 R'000	2013 R'000

## 15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	3 148 906	3 055 760	3 136 700	3 040 810
Payments received in advance	955 238	809 319	955 238	809 319
Inter-company advances	27 381	44 584	27 381	44 584
Third-party payments	302 703	263 563	302 703	263 563
Other creditors	359 752	372 868	341 353	358 754
<b>TOTAL</b>	<b>4 793 980</b>	<b>4 546 094</b>	<b>4 763 375</b>	<b>4 517 030</b>

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 2013 comparative amount of R4,54 billion has been restated from R4,54 billion (see note 46).

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

National Government

Provincial Government of the Western Cape

**Other conditional receipts**

Public contributions

**TOTAL**

These amounts are separately invested in terms of section 12 of the MFMA. See note 27 and 28 for more details on 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.

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.

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000
1 428 847	797 039	1 428 847	797 039
1 046 140	527 091	1 046 140	527 091
382 707	269 948	382 707	269 948
66 921	61 517	66 921	61 517
66 921	61 517	66 921	61 517
<b>1 495 768</b>	<b>858 556</b>	<b>1 495 768</b>	<b>858 556</b>

**17. VAT**

VAT payable

Impairment

VAT receivable

**TOTAL**

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

365 287	341 907	365 287	341 907
322 429	385 756	322 429	385 756
42 858	(43 849)	42 858	(43 849)
(286 266)	(272 416)	(286 266)	(272 416)
<b>79 021</b>	<b>69 491</b>	<b>79 021</b>	<b>69 491</b>

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

Balance at beginning of the year

Income

Land sales

Repayments – long-term debtors

Repayments – public organisations

Service contributions

Subsidy refunds and other

Interest

Expenditure

Funding capital projects

Funding operating projects

Non-cash transfer to provision for impairment

**Balance at end of the year****Unrealised housing proceeds**

Balance at beginning of the year

Loans realised

Long-term housing loans

Long-term loans – public organisations

Transfer to impairment provision – long-term selling schemes

Transfer to impairment provision – long-term public organisations

**Balance at end of the year****TOTAL**

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.

384 125	404 597	384 125	404 597
42 155	40 017	42 155	40 017
3 116	3 244	3 116	3 244
32 407	30 777	32 407	30 777
1 192	1 514	1 192	1 514
3 467	4 406	3 467	4 406
1 973	76	1 973	76
14 952	17 784	14 952	17 784
(89 818)	(70 241)	(89 818)	(70 241)
(22 089)	(21 006)	(22 089)	(21 006)
(67 729)	(49 235)	(67 729)	(49 235)
(5 192)	(8 032)	(5 192)	(8 032)
346 222	384 125	346 222	384 125
120 231	116 866	120 231	116 866
(25 734)	(35 732)	(25 734)	(35 732)
(24 138)	(22 647)	(24 138)	(22 647)
(1 596)	(13 085)	(1 596)	(13 085)
26 236	39 589	26 236	39 589
1 464	(492)	1 464	(492)
122 197	120 231	122 197	120 231
<b>468 419</b>	<b>504 356</b>	<b>468 419</b>	<b>504 356</b>



	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>19. RESERVES</b>				
Capital replacement reserve	1 187 993	1 281 721	1 187 993	1 281 721
Insurance reserve	563 504	511 743	563 504	511 743
Self-insurance reserve	493 849	450 175	493 849	450 175
COVID reserve	69 655	61 568	69 655	61 568
<b>TOTAL</b>	<b>1 751 497</b>	<b>1 793 464</b>	<b>1 751 497</b>	<b>1 793 464</b>
The capital replacement reserve and the self-insurance reserve are fully funded and invested in ring-fenced financial instruments.				
<b>20. ACCUMULATED SURPLUS</b>				
Accumulated surplus	<b>22 000 972</b>	<b>20 279 133</b>	<b>21 896 756</b>	<b>20 159 376</b>
Receipts from acquired grant-funded assets to the value of R16,35 billion (2013: R15,05 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.				
<b>21. NON-CONTROLLING INTEREST</b>				
Balance at beginning of the year	144 658	135 770		
Share purchases by non-controlling interest holders	49 074	-		
Transfer to for share purchases	33 202	-		
Share of net surplus attributable to non-controlling interest	8 013	8 888		
<b>TOTAL</b>	<b>234 947</b>	<b>144 658</b>		
<b>22. SERVICE CHARGES</b>				
Sale of electricity	9 313 459	8 843 866	9 323 247	8 853 037
Sale of water	2 184 898	2 052 721	2 185 812	2 053 577
Waste management (solid waste)	837 381	775 144	837 381	775 144
Wastewater management (sewerage and sanitation)	1 188 106	1 091 897	1 188 106	1 091 897
Other	539 626	478 490	369 134	326 150
<b>TOTAL</b>	<b>14 063 470</b>	<b>13 242 118</b>	<b>13 903 680</b>	<b>13 099 805</b>
<b>23. RENTAL OF LETTING STOCK AND FACILITIES</b>				
Rental agreements	318 515	292 535	318 515	292 535
Hire/rentals	32 755	47 950	32 755	47 950
	351 270	340 485	351 270	340 485
Income forgone*	(33 380)	(33 879)	(33 380)	(33 879)
<b>TOTAL</b>	<b>317 890</b>	<b>306 606</b>	<b>317 890</b>	<b>306 606</b>
<b>24. FINANCE INCOME</b>				
<b>Exchange transactions</b>	594 147	555 621	581 877	547 130
Interest receivable – external investments	526 691	438 861	514 421	430 370
Interest transferred to external funds (conditional grants)	(53 368)	(66 432)	(53 368)	(66 432)
Interest receivable – outstanding service debtors	120 824	183 192	120 824	183 192
<b>Non-exchange transactions</b>				
Interest receivable – outstanding rate debtors	71 488	85 057	71 488	85 057
<b>TOTAL</b>	<b>665 635</b>	<b>640 678</b>	<b>653 365</b>	<b>632 187</b>

The 2013 comparative amount of R640,67 million has been restated from R555,82 million (see note 46).

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

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

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

Insurance recoveries	2 103	1 394	2 017	1 217
Bulk infrastructure levies	60 054	69 524	60 054	69 524
Skills development levy	20 503	28 118	20 503	28 118
Investment impairment reversed	-	4 288	-	4 288
Other income	160 804	140 517	147 844	131 964
Gains on foreign-exchange transactions	-	138	-	98
Fair value adjustments	7 432	401 003	7 432	401 003
City improvement districts	117 472	106 869	-	-

**Non-exchange transactions**

City improvement districts	-	-	118 487	106 869
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**TOTAL**

	368 368	751 851	237 850	636 212
	2 103	1 394	2 017	1 217
	60 054	69 524	60 054	69 524
	20 503	28 118	20 503	28 118
	-	4 288	-	4 288
	160 804	140 517	147 844	131 964
	-	138	-	98
	7 432	401 003	7 432	401 003
	117 472	106 869	-	-
	-	-	118 487	106 869
<b>TOTAL</b>	<b>368 368</b>	<b>751 851</b>	<b>356 337</b>	<b>743 081</b>

The 2013 comparative amount of R751,85 million has been restated from R751,71 million (see note 46).

The Entity received services in kind to an estimated value of R137,02 million (2013: R7,65 million) in the form of volunteers. This amount is not recognised as revenue or as an asset as such in the statement of financial performance.

**26. PROPERTY RATES****Actual**

Residential, commercial and state

Income forgone\*

**TOTAL PROPERTY RATES**

	6 548 249	6 041 383	6 552 820	6 043 222
	(1 006 046)	(966 777)	(1 006 046)	(966 777)
<b>TOTAL PROPERTY RATES</b>	<b>5 542 203</b>	<b>5 074 606</b>	<b>5 546 774</b>	<b>5 076 445</b>

Exempt properties are excluded from the property rates valuation.

The total property rates 2013 comparative amount of R5,07 billion has been restated from R5,16 billion (see note 46).

The "residential, commercial and state" 2013 comparative amount of R6,04 billion has been restated from R6,10 billion, and the "income forgone" amount of R966,78 million has been restated from R1,02 billion. This is due to statutory rebate on the first R15 000 of the market value as per the valuation roll of residential property that should not have been included in both "residential, commercial and state" total as well as "income forgone".

**Valuations**

Rateable properties

Non-rateable properties

**Total property rates at commencement of financial year****Valuations per category**

Residential

Commercial

Agriculture

State

Municipal

**Total property rates at commencement of financial year**

	884 713 852	768 198 772	884 713 852	768 198 772
	24 052 160	25 716 162	24 052 160	25 716 162
<b>Total property rates at commencement of financial year</b>	<b>908 766 012</b>	<b>793 914 934</b>	<b>908 766 012</b>	<b>793 914 934</b>
	624 049 005	539 230 646	624 049 005	539 230 646
	244 438 376	181 878 233	244 438 376	181 878 233
	20 747 223	8 618 247	20 747 223	8 618 247
	8 407 241	39 638 134	8 407 241	39 638 134
	11 124 167	24 549 674	11 124 167	24 549 674
<b>Total property rates at commencement of financial year</b>	<b>908 766 012</b>	<b>793 914 934</b>	<b>908 766 012</b>	<b>793 914 934</b>

The last general valuation came into effect on 1 July 2013, and is based on market-related values. Property valuations adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed weekly to take into account changes to individual property values due to alterations and subdivisions. Rates are levied on a daily basis and are payable monthly. Interest is raised monthly on accounts in arrears at prime plus 1% per annum.

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

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>27. GOVERNMENT GRANTS AND SUBSIDIES</b>				
<b>Unconditional grants</b>				
Equitable share	1 243 270	1 084 416	1 243 270	1 084 416
	<b>1 243 270</b>	<b>1 084 416</b>	<b>1 243 270</b>	<b>1 084 416</b>
<b>Conditional grants</b>				
Provincial health subsidies	3 198 920	4 310 024	3 198 920	4 310 024
Cape Metropolitan Transport Fund (CMTF)	137 078	129 645	137 078	129 645
National projects	24 317	1 375	24 317	1 375
Provincial projects – other	2 189 119	3 297 721	2 189 119	3 297 721
Other	836 024	858 821	836 024	858 821
	12 382	22 462	12 382	22 462
<b>TOTAL</b>	<b>4 442 190</b>	<b>5 394 440</b>	<b>4 442 190</b>	<b>5 394 440</b>

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

#### Unconditional grants

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

#### Analysis of government grants and subsidies

Operating	2 389 432	1 979 795	2 389 432	1 979 795
Capital	2 052 758	3 414 645	2 052 758	3 414 645
	<b>4 442 190</b>	<b>5 394 440</b>	<b>4 442 190</b>	<b>5 394 440</b>

#### Provincial health subsidies

Balance unspent at beginning of the year	-	-	-	-
Current-year receipts – included in public health vote	(137 078)	(129 645)	(137 078)	(129 645)
Conditions met – transferred to revenue	137 078	129 645	137 078	129 645
<b>Conditions still to be met – transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

#### Provincial projects and CMTF

Balance unspent at beginning of the year	(269 948)	(224 906)	(269 948)	(224 906)
Regrouping adjustment	48 740	44 042	48 740	44 042
Current-year receipts	(937 585)	(867 899)	(937 585)	(867 899)
Interest earned	(9 328)	(7 056)	(9 328)	(7 056)
Adjustments	33 056	31 481	33 056	31 481
Conditions met – transferred to revenue	860 341	860 196	860 341	860 196
Amounts still to be claimed	(107 983)	(105 806)	(107 983)	(105 806)
<b>Conditions still to be met – transferred to liabilities – see note 16</b>	<b>(382 707)</b>	<b>(269 948)</b>	<b>(382 707)</b>	<b>(269 948)</b>

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>National Government projects</b>				
Balance unspent at beginning of the year	(527 091)	(1 378 915)	(527 091)	(1 378 915)
Regrouping adjustment	60	-	60	-
Current-year receipts	(2 672 459)	(2 389 988)	(2 672 459)	(2 389 988)
Interest earned	(40 879)	(56 369)	(40 879)	(56 369)
Adjustments	5 110	521	5 110	521
Conditions met – transferred to revenue	2 189 119	3 297 721	2 189 119	3 297 721
Amounts still to be claimed	-	(61)	-	(61)
<b>Conditions still to be met – transferred to liabilities – see note 16</b>	<b>(1 046 140)</b>	<b>(527 091)</b>	<b>(1 046 140)</b>	<b>(527 091)</b>

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

## 28. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections  
Other

	37 423	31 932	37 423	31 932
	48 635	10 996	48 585	10 684
<b>TOTAL</b>	<b>86 058</b>	<b>42 928</b>	<b>86 008</b>	<b>42 616</b>

### Public contributions and other third-party funds

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

	(61 517)	(61 931)	(61 517)	(61 931)
	1 639	-	1 639	-
	(52 670)	(40 429)	(52 670)	(40 429)
	(923)	(502)	(923)	(502)
	(35 056)	368	(35 056)	368
	86 058	42 616	86 008	42 616
	(4 402)	(1 639)	(4 402)	(1 639)
<b>Conditions still to be met – transferred to liabilities – see note 16</b>	<b>(66 871)</b>	<b>(61 517)</b>	<b>(66 921)</b>	<b>(61 517)</b>

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

## 29. EMPLOYEE-RELATED COSTS

Salaries and wages  
Social contributions – Unemployment Insurance Fund, pensions and medical aid  
Travel, car, accommodation, subsistence and other allowances  
Housing benefits and allowances  
Overtime payments  
Contribution and benefits paid: current provisions  
Contribution: post-retirement and long service benefits  
    Current service costs  
    Interest costs  
    Actuarial losses

	5 367 580	4 793 008	5 323 227	4 753 781
	1 399 353	1 259 152	1 394 292	1 254 508
	338 487	305 813	338 487	305 813
	26 512	29 266	26 512	29 266
	360 168	335 494	359 418	335 100
	(304 166)	182 037	(304 166)	182 037
	1 524 847	608 305	1 524 847	608 305
	134 111	137 343	134 111	137 343
	400 393	305 758	400 393	305 758
	990 343	165 204	990 343	165 204
	8 712 781	7 513 075	8 662 617	7 468 810
Expenditure recharged to capital projects	(21 763)	(22 611)	(21 763)	(22 611)
<b>TOTAL</b>	<b>8 691 018</b>	<b>7 490 464</b>	<b>8 640 854</b>	<b>7 446 199</b>

The 2013 comparative amount of R7,49 billion has been restated from R7,49 billion (see note 46).

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>30. REMUNERATION OF COUNCILLORS</b>				
Executive Mayor	1 164	1 108	1 164	1 108
Deputy Executive Mayor	841	781	841	781
Speaker	841	781	841	781
Chief Whip	770	734	770	734
Mayoral Committee members	8 097	7 786	8 097	7 786
Subcouncil chairpersons	18 994	18 025	18 994	18 025
Portfolio chairpersons	11 697	11 225	11 697	11 225
Councillors	66 609	66 745	66 609	62 659
Councillors' pension contributions	4 582	4 488	4 582	4 488
Board members (CTICC)	445	208	-	-
	114 040	111 881	113 595	107 587
Reimbursement of travel claims	6 113	-	6 113	4 086
<b>TOTAL</b>	<b>120 153</b>	<b>111 881</b>	<b>119 708</b>	<b>111 673</b>
<b>31. IMPAIRMENT COSTS</b>				
Allowances for impairment losses	1 295 120	926 947	1 295 526	926 812
Impairment of property, plant and equipment	32 700	7 110	32 700	7 110
<b>TOTAL</b>	<b>1 327 820</b>	<b>934 057</b>	<b>1 328 226</b>	<b>933 922</b>
<b>32. DEPRECIATION AND AMORTISATION EXPENSES</b>				
Depreciation of property, plant and equipment	1 722 377	1 613 269	1 699 964	1 591 591
Depreciation of investment property	1 641	1 629	1 641	1 629
Amortisation of intangible assets	50 665	27 055	50 665	27 055
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSES</b>	1 774 683	1 641 953	1 752 270	1 620 275
– see notes 1, 3, 4 and appendix B				
Grants-funded assets financed from reserves	(828 615)	(632 276)	(828 615)	(632 276)
<b>NET TOTAL DEPRECIATION AND AMORTISATION</b>	<b>946 068</b>	<b>1 009 677</b>	<b>923 655</b>	<b>987 999</b>
The 2013 comparative amount of R1,64 billion has been restated from R1,64 billion (see note 46).				
<b>33. FINANCE COSTS</b>				
Borrowings (amortised cost)	776 267	677 495	774 768	675 881
Losses on valuation of investment	830	7 903	830	7 903
Unwinding of discount	31 685	31 536	31 685	31 536
Bond issue expenses	-	13 349	-	13 349
<b>TOTAL</b>	<b>808 782</b>	<b>730 283</b>	<b>807 283</b>	<b>728 669</b>
The 2013 comparative amount of R730,28 million has been restated from R730,79 million (see note 46).				
<b>34. BULK PURCHASES</b>				
Electricity	6 283 114	6 097 891	6 283 114	6 097 891
Water	308 118	293 295	308 118	293 295
<b>TOTAL</b>	<b>6 591 232</b>	<b>6 391 186</b>	<b>6 591 232</b>	<b>6 391 186</b>
<b>35. GRANTS AND SUBSIDIES PAID</b>				
Ad hoc	39 326	213	39 313	-
Community development and upliftment	1 338	8 918	1 338	8 918
Economic development and promotion of tourism	41 947	66 368	41 947	66 368
Education institutions	413	365	413	365
Health forum/health, HIV/Aids and TB programmes	2 649	4 768	2 649	4 768
Senior citizens – facilities for the aged	100	100	100	100
Social development and arts and culture	-	7 674	-	7 674
Sporting bodies	285	520	285	520
Cape Town World Design Company	22 800	8 500	22 800	8 500
Khayelitsha Community Trust	6 176	5 931	6 176	5 931
<b>TOTAL</b>	<b>115 034</b>	<b>103 357</b>	<b>115 021</b>	<b>103 144</b>
The 2013 comparative amount of R103,36 million has been restated from R94,86 million (see note 46).				

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>36. GENERAL EXPENSES</b>				
Auditor remuneration	13 537	14 059	12 126	13 307
CID levy	-	-	114 884	103 663
Consultants	130 184	167 818	123 776	162 459
Contributions to/(from) provisions	(34 246)	31 765	(34 246)	31 765
Free basic electricity (FBE) – Eskom service areas	101 730	101 147	101 680	101 075
Fair value adjustments	(4)	209	(4)	209
Fuel (petrol, diesel and fuel oil)	269 653	221 073	268 642	220 407
Indigent relief	469 646	446 475	469 646	446 475
Inventory: Scrapping	3 268	803	3 268	803
Legal fees	45 664	44 074	42 866	42 954
Loss on foreign exchange transactions	3 009	505	3 002	505
Materials general and consumables	332 011	303 192	299 153	284 193
Security services	404 240	349 922	398 863	344 827
Telecommunications	97 749	106 097	96 155	104 502
Other expenditure (less than 5%)	1 831 029	1 763 291	1 790 213	1 720 268
	<u>3 667 470</u>	<u>3 550 430</u>	<u>3 690 024</u>	<u>3 577 412</u>
Expenditure recharged to capital projects	(1 772)	(3 165)	(1 772)	(3 165)
<b>TOTAL</b>	<b><u>3 665 698</u></b>	<b><u>3 547 265</u></b>	<b><u>3 688 252</u></b>	<b><u>3 574 247</u></b>

The 2013 comparative amount of R3,54 billion has been restated from R3,55 billion (see note 46).

### 37. TAXATION

#### Deferred taxation

##### CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2013: 28%).

At beginning of the year	4 640	6 915
Temporary differences	(2 439)	(2 275)
At end of the year	<u>2 201</u>	<u>4 640</u>

##### CIDs

At beginning of the year	57	26
Reverse temporary differences on prepayments	(57)	27
Reverse temporary differences on finance lease obligations	-	4
At end of the year	<u>-</u>	<u>57</u>

#### The balance comprises

Capital allowance (non-deductible temporary differences)	2 201	4 640
Reverse temporary differences on finance lease obligations	-	57
Total	<u>2 201</u>	<u>4 697</u>

#### Statement of financial performance charge

Taxation		
Current year: CTICC	8 252	8 877
CIDs	235	31
	<u>8 487</u>	<u>8 908</u>

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>38. CASH GENERATED FROM OPERATIONS</b>				
Surplus for the year	1 693 637	3 475 041	1 659 476	3 443 726
Adjustment for:	3 417 441	2 373 562	3 405 340	2 359 220
Depreciation	1 774 683	1 641 953	1 752 270	1 620 275
Contributed assets	(33 437)	(2 839)	(33 387)	(2 527)
Impairment	65 324	7 110	65 324	7 110
Fair-value adjustment – concessionary loans	41 910	(378 838)	41 910	(378 838)
Gains on foreign-exchange transactions	-	(138)	-	(98)
Gains and losses on disposal of assets	(62 463)	(85 153)	(62 962)	(85 304)
Contribution to provisions	461 639	1 235 855	461 079	1 236 234
Contribution to impairment provision	1 026 638	(129 705)	1 027 188	(129 826)
Investment impairment reversed	-	(4 288)	-	(4 288)
Finance income	(665 635)	(640 678)	(653 365)	(632 187)
Finance costs	808 782	730 283	807 283	728 669
<b>Operating surplus before working capital changes</b>	<b>5 111 078</b>	<b>5 848 603</b>	<b>5 064 816</b>	<b>5 802 946</b>
Increase in inventories	(12 682)	(3 285)	(12 733)	(3 542)
Increase in receivables	(399 315)	(106 508)	(399 310)	(106 494)
Increase in other receivables	(964 377)	(30 449)	(968 111)	(24 103)
Increase/(decrease) in unspent conditional grants and receipts	637 212	(807 196)	637 212	(807 196)
Increase in payables	247 886	605 876	246 345	593 113
Increase in net VAT	9 530	11 735	9 530	11 735
<b>Cash generated from operations</b>	<b>4 629 332</b>	<b>5 518 776</b>	<b>4 577 749</b>	<b>5 466 459</b>
<b>39. CASH AND CASH EQUIVALENTS</b>				
Balance at end of the year	2 652 774	4 907 440	2 266 559	4 730 196
Balance at beginning of the year	4 907 440	3 481 533	4 730 196	3 327 832
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(2 254 666)</b>	<b>1 425 907</b>	<b>(2 463 637)</b>	<b>1 402 364</b>
<b>40. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS</b>				
Borrowings raised – see appendix A	86	2 384 420	-	2 384 420
External Finance Fund (EFF)–earmarked capital expenditure	(6 551 825)	(5 676 732)	(6 551 825)	(5 676 732)
2012/13 and prior years	(4 694 936)	(3 923 308)	(4 694 936)	(3 923 308)
Current year	(1 856 889)	(1 753 424)	(1 856 889)	(1 753 424)
Total EFF (overdrawn)	(6 551 739)	(3 292 312)	(6 551 825)	(3 292 312)
Cash set aside for the repayment of borrowings – see note 5 and 11	1 631 750	900 875	1 631 750	900 875
<b>Cash overdrawn</b>	<b>(4 919 989)</b>	<b>(2 391 437)</b>	<b>(4 920 075)</b>	<b>(2 391 437)</b>
<b>41. BUDGET INFORMATION</b>				
The explanatory comments on the budget variances have been provided on the consolidated Entity's variances, since the impact of the subsidiaries' variances is minimal.				
<b>41.1 Explanation of variances between approved and final budget amounts</b>				
The reasons for the variances between the approved and final budgets are mainly due to virements. The increase in the expected capital budget is due to the reprioritisation of capital projects, with corresponding changes to funding sources.				
<b>41.2 Explanation of variances greater than 5%: Final budget and actual amounts</b>				
<b>41.2.1 Statement of financial position</b>				
<b>Total assets</b>				
i) Current assets				
Investments were much lower than budgeted due to the reclassification of funds held by fund managers to non-current assets, as the funding of the City's long-term debt had to be secured.				

**41.2.2 Statement of financial performance****Revenue**

- i) Rental of letting stock and facilities  
The variance is due to a lower utilisation of facilities and the transfer of rental properties to owners.
- ii) Finance income  
The variance is a result of interest earned on the continuously favourable cash/investment balance during the year - better than what was anticipated with the original budget planning.
- iii) Licences and permits  
The variance is due to higher-than-expected issuing of licenses and permits.
- iv) Agency services  
The variance is due to an increase in transactions processed.
- v) Other income  
The variance is due to fair-value adjustments and sundry receipts.
- vi) Gains on disposal of property, plant and equipment  
The variance is due to sale of assets having exceeded expectations.
- vii) Fines  
The variance is due to a change in the application of an existing accounting standard.
- viii) Government grants and subsidies  
The variance is due to delays in the implementation of projects, community consultation, tender objections, environmental issues, and cancellation due to poor performance and liquidations.
- ix) Public contributions  
The variance is due to actual amounts being less than budgeted.

**Expenditure**

- i) Employee-related costs  
The variance is mainly due to the time taken to fill vacancies, as well as internal appointments.
- ii) Impairment costs  
The variance is due to a change in accounting standards regarding the traffic fine income.
- iii) Collection costs  
Variance is due to lower-than-anticipated commission paid to the collecting agency, which is based on actual fine income received.
- iv) Depreciation and amortisation expenses  
The variance is due to a review of the useful lives of the assets, and delays in the implementation of projects.
- v) Finance costs  
Variance largely due to savings realised on unutilised loan facilities.
- vi) Grants and subsidies paid  
The variances is due to payment to beneficiaries deferred as a veriment of outstanding information.
- vii) Losses on disposal of property, plant and equipment  
The variance is due to unanticipated losses on assets.

**41.2.3 Cash flow statement**

- i) Net cash from (used) investing  
The variance resulted from the reclassification of investments from short-term to long-term in a guaranteed investment fund for the repayment of bonds.
- ii) Net cash from (used) financing  
The difference represents the amount set aside for the repayment of bonds as a once-off bullet payment. These accumulated amounts have now been paid into guaranteed investment accounts held by various financial institutions for the repayment of such bonds upon maturity (refer above).



**41.2.4 Capital expenditure**

- i) City Health  
Variance due to delays in the implementation of projects as a result of local community participation, strikes experienced by service providers, protest actions and tender appeals. Underspent funds rolled over to new financial year.
- ii) City Manager  
Variance due to delay in delivery and internal restructuring.
- iii) Compliance and Auxiliary Services  
Variance due to delays in delivery, project funding not approved, and failure of contractor to complete outstanding work.
- iv) Community Services  
Variance due to delays in the implementation of projects as a result of local community participation, protest actions and tender appeals.
- v) Economic, Environmental and Spatial Planning  
Variance due to delays in the implementation of projects, strikes experienced by vendors, and consequent non-delivery of materials.
- vi) Finance  
Variance due to delays in the implementation of projects as a result of technical issues, and the City's participation no longer being necessary.
- vii) Social and Early Childhood Development  
Variance due to under-performance of vendor and non-delivery of equipment.
- viii) Tourism, Events and Marketing  
Variance due to poor performance of contractor and tenderers' non-performance.
- ix) Transport for Cape Town  
Variance due to industrial action, negotiation processes with transport operators, compliance issues with supply chain management policy, liquidation of service providers, and cancellation due to poor performance.
- x) Human Settlements  
Variance due to delay in implementation of projects, poor performance, liquidation of contractors and community actions.
- xi) Water and Sanitation  
Variance due to delay in implementation of projects and delivery of equipment, inclement weather conditions, tender appeals, financial distress of tenderers, environmental issues, and lack of access to site.
- xii) Cape Town Electricity  
Variance due to delay in implementation of projects, provisions of funding, poor performance of contractor, and community protests regarding the housing allocation lists.
- xiii) Subsidiaries  
The capital expenditure projects were 95% completed or in progress as at year-end. The variances relate mainly to savings on completed projects as well as projects in progress as at year-end.

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

**42. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES**

**42.1 Irregular expenditure**

Opening balance	-	122 568	-	122 568
Irregular expenditure – supply chain management (SCM) regulations (see incidents below)	45	1 465	45	1 465
Regularised and ratified	-	(124 033)	-	(124 033)
<b>Closing balance</b>	<b>45</b>	<b>-</b>	<b>45</b>	<b>-</b>

Incidents
▪ Declaration of interest of suppliers in the employ of the state
▪ Business conducted with one staff member
▪ Business conducted with a supplier of whom a director was in service of the state

**Incidents for the year**

-	1 450	-	1 450
-	15	-	15
45	-	45	-
<b>45</b>	<b>1 465</b>	<b>45</b>	<b>1 465</b>

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
<b>42.2 Fruitless and wasteful expenditure</b>				
Opening balance	146	288	-	-
Fruitless expenditure – current year	294	-	294	-
Amount recovered	(146)	-	-	-
Certified as irrecoverable by Council	-	(142)	-	-
<b>Closing balance</b>	<b>294</b>	<b>146</b>	<b>294</b>	<b>-</b>

Incident	Proceedings				
Fine: non-compliance to Act	Awaiting condonement by Council	50	-	50	-
Fine: non-compliance to Act	Awaiting condonement by Council	12	-	12	-
ICSID: Payments not in accordance with Agreement – due to exchange rate fluctuations	Awaiting condonement by Council	232	-	232	-

**Incidents for the year**

<b>294</b>	<b>176</b>	<b>294</b>	<b>168</b>
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**42.3 Material losses****Water losses**

In the year under review, the reticulation losses were 10,08% (2013: 7,6%). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. The production losses amounted to R90,30 million (2013: R89,03 million).

<b>92 576</b>	<b>66 240</b>	<b>92 576</b>	<b>66 240</b>
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**Electricity losses**

In the year under review, the energy losses were 10,49% (2013: 9,31%). These losses are the result of theft and vandalism. The production losses amounted to R411,42 million (2013: R400,35 million).

<b>245 987</b>	<b>167 329</b>	<b>245 987</b>	<b>167 329</b>
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**43. COMMITMENTS****43.1 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure

Approved and contracted for:

Infrastructure  
Community  
Other

2 203 693	1 090 589	2 203 693	1 090 589
92 517	91 140	92 517	91 140
822 865	591 165	781 895	588 384
<b>3 119 075</b>	<b>1 772 894</b>	<b>3 078 105</b>	<b>1 770 113</b>

**TOTAL**

The 2013 comparative amount of R1,77 billion has been restated from R1,77 billion

**43.2 OPERATING LEASE COMMITMENTS****43.2.1 The Entity as lessee**

Future minimum lease payments under non-cancellable operating leases

**Land and buildings**

Payable within one year  
Payable within two to five years

40 221	48 489	40 221	48 489
38 017	26 415	38 017	26 415
2 204	22 074	2 204	22 074

**Vehicles and other equipment**

Payable within one year  
Payable within two to five years

736	-	736	-
222	-	222	-
514	-	514	-

<b>40 957</b>	<b>48 489</b>	<b>40 957</b>	<b>48 489</b>
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Minimum lease payments recognised as an expense during the period amount to R49,21 million (2013: R41,11 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

**43.2.2 The Entity as lessor**

Future minimum lease income under non-cancellable operating leases

Receivable within one year	19 502	16 068	21 422	17 988
Receivable within two to five years	63 484	48 507	65 884	52 827
Receivable after five years	147 186	142 085	147 186	142 085
<b>Buildings</b>	<b>230 172</b>	<b>206 660</b>	<b>234 492</b>	<b>212 900</b>

The Entity lets properties under operating leases. Property rental income earned during the year was R21,62 million (2013: R13,55 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 R2,46 million in current-year income.

**44. ADDITIONAL DISCLOSURES****44.1 MUNICIPAL FINANCE MANAGEMENT ACT****44.1.1 Section 124****Disclosure concerning councillors' municipal accounts in arrears**

As at **30 June 2014**, the following councillor was in arrears for rates and services:

**As at 30 June 2014**

Madikane, B

**Balance outstanding**

Total	Outstanding <90 days	Outstanding >90 days
R'000	R'000	R'000
208	-	208
<b>208</b>	<b>-</b>	<b>208</b>

During the **reporting period**, the following councillors were in arrears for more than 90 days:

Gqada, T	Mamkeli, S
Hassiem, W	Jordaan, C
Lungiswa, J	Van der Merwe, C
Mabandla, M	

As at **30 June 2013**, the following councillor was in arrears for rates and services:

**As at 30 June 2013**

Basson, J

**Balance was paid in full on 22 July 2013**

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

During the **2012/13 financial period**, the following councillors were in arrears for more than 90 days:

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

**44.1.2** Included in the debtors' arrears is an amount of R1,62 million (2013: R1,56 million) outstanding for more than 120 days, owed by the representative political parties to the Entity.

## 44.1.3 Section 125

## Other compulsory disclosures

	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you- earn (PAYE) and Unemployment Insurance Fund	Pension and medical aid
	R'000	R'000	R'000	R'000
<b>As at 30 June 2014</b>				
Opening balance	-	182	84 887	172 627
Subscriptions/fees	10 400	15 029	1 077 710	2 244 211
Amount paid – current year	(10 400)	(14 923)	(989 747)	(2 052 584)
Amount paid – previous years	-	(182)	(84 887)	(172 627)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>106</b>	<b>87 963</b>	<b>191 627</b>
<b>As at 30 June 2013</b>				
Opening balance	-	263	62 543	155 305
Subscriptions/fees	9 800	16 189	1 017 760	2 004 302
Amount paid – current year	(9 800)	(16 007)	(932 873)	(1 831 676)
Amount paid – previous years	-	(263)	(62 543)	(155 304)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>182</b>	<b>84 887</b>	<b>172 627</b>

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

## 44.2 SUPPLY CHAIN MANAGEMENT REGULATIONS

## 44.2.1 Deviations

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

## Incidents

Appointment of consultants	64 228	104 798	64 228	104 798
Information technology upgrade	57 078	192 355	57 078	192 355
Upgrade of electricity services	38 657	484	38 657	484
Extension of contract	13 637	214 975	13 637	214 975
Upgrade of road infrastructure	260 216	34 944	260 216	34 944
Supply and delivery of plant and equipment	43 670	92 911	43 670	92 911
Other	95 945	158 767	91 239	154 314
Deviations less than R200 000	300 442	335 985	300 442	335 985
<b>Total amount approved by the Accounting Officer and noted by Council</b>	<b>873 873</b>	<b>1 135 219</b>	<b>869 167</b>	<b>1 130 766</b>

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations 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-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

## 44.2.2 SCM breaches

Ratification of minor breaches	14 091	6 937	-	-
Regularisation of breaches	-	634	-	634
<b>Total amount regularised and ratified</b>	<b>14 091</b>	<b>7 571</b>	<b>-</b>	<b>634</b>

**44.2.3 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 employees 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 with state	Economic entity		Municipality of Cape Town	
		2014	2013	2014	2013
		R'000	R'000	R'000	R'000
Adams, C	Clerk	25	-	25	-
Agulhas, M	Artisan	1 634	-	1 634	-
Booisen, C	Operational Supervisor: Driver	356	-	356	-
Booyesen, P *	Clerk	-	631	-	631
Buitendag, G	Principal Professional Officer	9	6 761	9	6 761
Cedras, A	Senior Superintendent	-	664	-	664
Chetty, F	Legal Advisor	7	-	7	-
Connor, C *	Head: COID	-	123	-	123
Daniels, L	Senior Foreman	-	13 887	-	13 887
Dauids, M	Operational Supervisor: Driver	135	-	135	-
De Vries, S	Superintendent	-	153	-	153
Diedericks, R	Technician	260	-	260	-
Du Toit, J	SCM Assistant Buyer	604	595	604	595
Ebrahim, Y	Head: District 5	953	-	953	-
Elloker, A	Senior Professional Officer	320	-	320	-
Fourie, S	HoD: Economic Development and Tourism	46	5	-	-
Gaya, M	Operational Supervisor/Driver	-	9	-	9
Gordon, C	Clerk	506	-	506	-
Hattingh, PM	SCM Administrative Officer	1 765	184	1 765	184
Henderson, C	Teacher	205	-	205	-
Ishmail, E	Manager: Valuation Data and Systems	285	5 515	285	5 515
Jacobs, E	Senior Clerk	27 958	-	27 958	-
Jacobs, MS	Clerk	-	209	-	209
Jaffar, R	Administrative Officer	89	-	89	-
Johns, KM	Clerk	-	5	-	5
Koning, G	Enrolled Nurse	-	38	-	38
Kupiso, NG	Water Pollution Control Inspector	-	122	-	122
Lategan, J	Clerk	-	14	-	14
Le Fleur, C	Administrative Officer	71	-	71	-
Louis, D	Clerk	-	279	-	279
Mama, X	Head: Area Manager	-	375	-	375
Merile, SS	Operator: Small Plant	-	1 927	-	1 927
Meyer, T	Educator: Western Cape Education Department	4 872	-	-	-
Mjali, M	Emergency Centre Officer	4	-	4	-
Monk, FJ	Subcouncil Manager	-	676	-	676
Mshweshwe, MC	Statutory Compliance Specialist	292	304	292	304
Pause, O	Co-coordinator: Housing Rental Stock	266	-	266	-
Platzky, L	Deputy Director-General: Strategic Programmes WC Government Department of the Premier	23	-	-	-
Poole, N	Senior Clerk	293	-	293	-
Ritter, T	Senior Clerk	102	-	102	-
Sammy, MF	Administrative Officer	15	40	15	40
Scholtz, LM	Secretary	1 783	905	1 783	905
Sivabulela, M	Senior Clerk	199	-	199	-
Stevn, D	Head: Supplier Management	332	-	332	-
Stevn, T	Senior Professional Officer	3 554	-	3 554	-
Thorpe, M	SCM Assistant Buyer	-	128	-	128
Trom, F	Worker	-	7	-	7
Votersen, MF	Head: Finance Parks	-	559	-	559
Webster, L	Senior Clerk	82	-	82	-
Willemsse, S	Administrative Officer	1 541	-	1 541	-
Wynnaard, R	SCM Administrative Officer - Tenders	498	-	498	-
<b>Total</b>		<b>49 084</b>	<b>34 115</b>	<b>44 143</b>	<b>34 110</b>

\*These officials have resigned from the City of Cape Town prior to the reporting period.

**45. FINANCIAL RISK MANAGEMENT**

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

The Entity's Risk Management Committee is responsible for overseeing the City's integrated risk management (IRM) policies and activities. The IRM policies were established to ensure a structured approach to the identification and mitigation of risks across the Entity to an acceptable level. The IRM policies and systems are reviewed regularly to ensure that they keep pace with best practices and regulatory requirements. To enable the Audit Committee to comply with their role and responsibilities with regard to risk management, all documentation and reports of Risk Management Committee meetings are supplied to the Audit Committee on a quarterly basis.

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

	Amortised cost	Fair value	Total carrying amount	Fair value
	R'000	R'000	R'000	R'000
<b>Financial assets</b>				
<b>2014</b>				
Investments	1 701 641	3 976 538	5 678 179	5 725 265
Long-term receivables	123 962	-	123 962	123 962
Receivables	4 308 354	-	4 308 354	4 308 354
Other receivables	426 131	-	426 131	426 131
Cash and cash equivalents	1 315 189	1 337 585	2 652 774	2 652 774
	<b>7 875 277</b>	<b>5 314 123</b>	<b>13 189 400</b>	<b>13 236 486</b>
<b>2013</b>				
Investments	140 972	3 424 479	3 565 451	3 583 911
Long-term receivables	122 211	-	122 211	122 211
Receivables	4 170 933	-	4 170 933	4 170 933
Other receivables	301 016	-	301 016	301 016
Cash and cash equivalents	3 797 674	1 109 766	4 907 440	4 907 440
	<b>8 532 806</b>	<b>4 534 245</b>	<b>13 067 051</b>	<b>13 085 511</b>

	Amortised cost	Total carrying amount	Fair value
	R'000	R'000	R'000
<b>Financial liabilities</b>			
<b>2014</b>			
Borrowings	7 050 159	7 050 159	7 628 288
Payables	3 838 742	3 838 742	3 838 742
	<b>10 888 901</b>	<b>10 888 901</b>	<b>11 467 030</b>
<b>2013</b>			
Borrowings	7 371 341	7 371 341	8 192 395
Payables	3 736 775	3 736 775	3 736 775
	<b>11 108 116</b>	<b>11 108 116</b>	<b>11 929 170</b>

**45.1 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
<b>Financial assets</b>				
<b>2014</b>				
Investments	3 204 138	772 400	-	3 976 538
Cash and cash equivalents	-	1 337 585	-	1 337 585
	<b>3 204 138</b>	<b>2 109 985</b>	<b>-</b>	<b>5 314 123</b>
<b>2013</b>				
Investments	2 456 013	968 466	-	3 424 479
Cash and cash equivalents	-	1 109 766	-	1 109 766
	<b>2 456 013</b>	<b>2 078 232</b>	<b>-</b>	<b>4 534 245</b>

**45.2 Liquidity risk**

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

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

An average of 96,35% (2013: 95,06%) of receivable (own billed) income is realised within 30 days after the due date, and payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

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

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
<b>2014</b>				
<b>Liabilities</b>				
Borrowings	1 120 292	3 798 365	8 728 367	13 647 024
Capital repayments	370 075	1 069 521	5 610 563	7 050 159
Interest	750 217	2 728 844	3 117 804	6 596 865
Payables	3 838 742	-	-	3 838 742
Payables	3 148 906	-	-	3 148 906
Sundry creditors	689 836	-	-	689 836
	<b>4 959 034</b>	<b>3 798 365</b>	<b>8 728 367</b>	<b>17 485 766</b>

**45.3 Credit risk**

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

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

	Economic entity		Municipality of Cape Town	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Investments	5 678 179	3 565 451	5 678 179	3 565 451
Long-term receivables – see note 6	123 962	122 211	123 962	122 211
Receivables and other receivables – see note 8 and 9	4 734 485	4 471 949	4 726 949	4 461 926
Cash and cash equivalents – see note 10	2 652 774	4 907 440	2 266 559	4 730 196
<b>Total</b>	<b>13 189 400</b>	<b>13 067 051</b>	<b>12 795 649</b>	<b>12 879 784</b>

**Investments and cash and cash equivalents**

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

**Long-term receivables**

Loans are granted and managed in accordance with policies and regulations as set out in note 6. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

**Receivables**

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

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The Entity has no significant concentration of credit risk, with exposure spread over a large number of consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,00% (2013: 1,20%) 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 the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 8 and 9.

Consumer debtors with a demonstrable inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy as well as to enable the City of Cape Town to make adequate provision for such relief.

**45.4 Capital management**

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

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

**45.5 Currency risk**

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



**45.6 Market risk**

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Entity'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 2014 are as follows:

<b>Maturity of interest-bearing assets/liabilities</b>					
<b>Weighted interest rate</b>	<b>1 years or less</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	
<b>%</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
<b>Financial assets</b>					
Investments	6,29	3 959 491	1 498 818	1 557 455	7 015 764
Cash and cash equivalents	5,84	1 317 514	-	-	1 317 514
<b>Total financial assets</b>		<b>5 277 005</b>	<b>1 498 818</b>	<b>1 557 455</b>	<b>8 333 278</b>
<b>Financial liabilities</b>					
Borrowings	9,77	370 075	1 069 521	5 610 563	7 050 159
<b>Total financial liabilities</b>		<b>370 075</b>	<b>1 069 521</b>	<b>5 610 563</b>	<b>7 050 159</b>

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

As at 30 June 2014, 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 R76,82 million, with the opposite effect if the interest rate had been 100 basis points lower.

**Financial liabilities**

As at 30 June 2014, 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.

**46. PRIOR-YEAR ADJUSTMENTS****46.1 Reclassification**

Reclassification of certain line items was made as indicated below.

**46.2 Correction of error**

After further consultation and research, it was found that the World Design Capital 2014 does not meet the definition of a subsidiary in terms of GRAP 6.

Presented below are those items contained in the statements of financial position and performance that have been affected by the prior-year adjustments.

<b>Economic entity</b>					
<b>Note</b>	<b>As previously reported</b>	<b>Reclassification</b>	<b>Correction of error</b>	<b>Restated</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2013</b>					
<b>Statement of financial position</b>					
Property, plant and equipment	1	28 624 249	(631 109)	(535)	27 992 605
Intangible assets	4	125 500	631 109	-	756 609
Other receivables	9	304 284	-	(125)	304 159
Cash and cash equivalents	10	4 910 631	-	(3 191)	4 907 440
Payables from exchange transactions	15	4 547 070	-	(976)	4 546 094
Accumulated surplus	20	20 282 008	-	(2 875)	20 279 133
<b>Statement of financial performance</b>					
Finance income	24	555 815	84 919	(56)	640 678
Other income	25	751 713	138	-	751 851
Property rates	26	5 159 663	(85 057)	-	5 074 606
Total revenue		27 521 557	-	(56)	27 521 501
Employee-related costs	29	7 492 589	-	(2 125)	7 490 464
Depreciation and amortisation expenses	32	1 641 994	-	(41)	1 641 953
Finance costs	33	730 788	(505)	-	730 283
Grants and subsidies paid	35	94 857	-	8 500	103 357
General expenses	36	3 550 275	505	(3 515)	3 547 265
Total expenditure		24 043 641	-	2 819	24 046 460
Surplus for the year		3 477 916	-	(2 875)	3 475 041

## Municipality of Cape Town

		As previously reported	Reclassification	Restated
	Note	R'000	R'000	R'000
<b>2013</b>				
<b>Statement of financial position</b>				
Property, plant and equipment	1	28 431 879	(631 109)	27 800 770
Intangible assets	4	125 500	631 109	756 609
<b>Statement of financial performance</b>				
Finance income	24	547 228	84 959	632 187
Other income	25	742 983	98	743 081
Property rates	26	5 161 502	(85 057)	5 076 445
Total revenue		27 363 454	-	27 363 454
Finance costs	33	729 174	(505)	728 669
General expenses	36	3 573 742	505	3 574 247
Total expenditure		23 919 728	-	23 919 728
Surplus for the year		3 443 726	-	3 443 726

**46.3 Changes in accounting estimates**

The annual review of the useful lives of assets resulted in a decrease of R158,04 million (2013: R24,90 million) in the depreciation charge to the statement of financial performance.

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

**46.4 Changes in accounting policy**

On 1 July 2013, the City of Cape Town changed its accounting policy with respect to borrowing costs from capitalisation against qualifying assets, to expensing all borrowing costs. The City believes that this policy provides more relevant information and will assist users in better understanding financial information, as the City does not incur borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. The City has therefore never capitalised any borrowing costs, and the change in policy, which is applied prospectively, has no financial impact.

Furthermore, the accounting policy of the City has been changed to align with the disclosure requirements in terms of GRAP 100 for assets held-for-sale to be reclassified as property, plant and equipment.

**47. RETIREMENT BENEFIT INFORMATION**

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R804,83 million (2013: R723,66 million) to the DB and DC structures are expensed as incurred during the year under review.

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

**47.1 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 2013. The valuation indicates a R10 million deficit actuarial result, and is 99,7% 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. There have been significant amendments to the pension fund regulations, notably rule 17(5), in terms of which the fund is managing its sustainability risk.

**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 2013, and had remained stable since the previous valuation date.

**47.2 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. Notwithstanding the actuary's recommendation to eliminate a slight shortfall, the nature of assets is suitable for the fund. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The valuation disclosed funding of 99.8%.

**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 2013.

**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 allocated between the cost of risk benefits deriving from the administration of the fund and members' retirement benefits.

The fund was certified by the actuary as being technically not financially sound with a funding level of 99,5% as at 30 June 2012.

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

The retirement and pension funds are both DC schemes. According to the actuary's certification, the fund endures to meet its liabilities. As at 30 June 2013, the valuation disclosed a funding level fluctuating around 100% due to timing differences, a slight mismatch of assets and liabilities, and processing errors.

**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 2008, when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2011 audited financial statements, once it becomes available.

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

The Convenco Provident Fund operates as a DC scheme. The economic entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current or prior periods.

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

The Cape Municipal Pension Fund operates as both a DB and DC scheme. The fund has been awarded an unqualified audit opinion for the audit of finances for the year ended 30 June 2013. 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 2013	14 728	4 125	10 603

	2014	2013
	R'million	R'million
Past-service position – DB section	3 739	3 739
Past-service position – DC section	6 357	6 357
Total liabilities	10 096	10 096
Assets valued at market value	10 109	10 109
Actuarial surplus	-	-

**Key financial assumptions**

	2014	2013
	%	%
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	1,50
Normal retirement age	60 years	60 years

**47.4 POST-EMPLOYMENT DEFINED BENEFITS****47.4.1 Health-care arrangement assumptions**

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

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2014 constituted 9 822 (2013: 10 398) in-service members and 6 525 (2013: 6 492) 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.

**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 2014 has been discounted at a rate determined on the basis of the yield of 9,30% (2013: 9,22%) per annum on government bonds.

**47.4.2 Retirement pension benefits**

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

The number of employees who were eligible for a post-retirement pension as at 30 June 2014 was 37 (2013: 46) in-service employees and 103 (2013: 109) pensioners.

**Plan assets**

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

**Discount rate**

The fund benefit liability to the Entity as at 30 June 2014 has been discounted at a 8,60% (2013: 9,22%) per-annum rate determined on the basis of the market yields on government bonds.

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

	2014		2013			
	Health-care benefits	Retirement pension benefits	Total	Health-care benefits	Retirement pension benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Present value of unfunded liability	5 211 674	33 306	5 244 980	3 882 906	56 774	3 939 680
Unrecognised actuarial gains	-	-	-	-	-	-
Net liability in statement of financial position	<b>5 211 674</b>	<b>33 306</b>	<b>5 244 980</b>	<b>3 882 906</b>	<b>56 774</b>	<b>3 939 680</b>
Interest costs	358 004	5 235	363 239	279 834	1 286	281 120
Service costs	97 345	2 021	99 366	92 359	462	92 821
Actuarial losses/(gains) recognised	1 027 156	(29 518)	997 638	83 461	39 598	123 059
Total included in statement of financial performance	<b>1 482 505</b>	<b>(22 262)</b>	<b>1 460 243</b>	<b>455 654</b>	<b>41 346</b>	<b>497 000</b>
Balance at the beginning of the year	3 882 906	56 774	3 939 680	3 566 435	17 004	3 583 439
Net expense recognised in statement of financial performance	1 482 505	(22 262)	1 460 243	455 654	41 346	497 000
Contributions paid	(153 737)	(1 206)	(154 943)	(139 183)	(1 576)	(140 759)
Net liability in statement of financial position	<b>5 211 674</b>	<b>33 306</b>	<b>5 244 980</b>	<b>3 882 906</b>	<b>56 774</b>	<b>3 939 680</b>

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

## Sensitivity analysis

Post-retirement medical aid	Change in assumption	Liability	Percentage change	Service cost	Interest cost	Percentage change
		R'000	%	R'000	R'000	%
Assumptions used		5 211 674		123 343	492 890	
Health-care inflation	+1% increase	6 079 202	16,6	151 615	576 654	18,2
	-1% decrease	4 507 334	-13,5	101 065	424 839	-14,7
Valuation interest rate	+1% increase	4 523 502	-13,2	101 569	484 635	-4,9
	-1% decrease	6 072 090	16,5	151 380	524 017	9,6

## 2014

## 2013

Health-care benefits	Retirement pension benefits	Health-care benefits	Retirement pension benefits
%	%	%	%

## Key financial assumptions

Discount rate	9,30	8,60	9,22	9,22
General inflation rate	6,00	6,00	5,82	5,82
General salary inflation rate	-	8,00	-	6,80
Health-care cost inflation rate	7,50	-	7,32	-
Net effective discount rate	1,67	-	1,77	-

## 48. 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, but a provisional estimate based on management assessment is R259,81 million (2013: R80,93 million).

## Outstanding insurance claims

The estimated liability for insurance claims amounts to R98,77 million (2013: R123,84 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.

## 49. RELATED-PARTY DISCLOSURES

## 49.1 Municipal entities and special areas

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

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

## CTICC

The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.

Percentage owned		62,79%	50,18%
Arm's-length transactions for the year			
Receivables		1 294	1 300
Payables		-	1 068
Service charges		18 111	14 912

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

Arm's-length transactions for the year			
Fixed management fees		-	-

**CMTF**

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year-end, the amount owing by the City of Cape Town to CMTF amounted to R27,38 million (2013: R44,58 million).

Percentage owned

Arm's-length transactions for the year

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

Administrator				
	27 381	44 584	27 381	44 584
	24 317	42 577	24 317	42 577
	2 282	2 438	2 282	2 438
	4 958	5 083	4 958	5 083

**CIDs**

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

Percentage owned

Arm's-length transactions between CIDs and the City of Cape Town

Service charges

Levies

Special rating areas		
	14	26
	114 884	103 663

Economic entity		Municipality of Cape Town	
2014	2013	2014	2013
R'000	R'000	R'000	R'000

Arm's-length transactions have been entered into with members of key management as well as related companies.

**Management contracts**

Cape Town – Cape Town Partnership

1 296 1 200

Epping CID – Just For You Business Support Services CC

974 914

Groote Schuur CID – Groote Schuur Management NPC

707 642

Woodstock CID – Lloyd's Project Management CC

462 437

**Rental contracts**

Observatory CID – Zelkar Investments CC

93 72

Voortrekker Road – Greater Tygerberg Partnership NPC

186 52

**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.

**49.2 Remuneration of management****49.2.1 Mayoral Committee members****Analysis of remuneration benefits**

	<b>Total</b>	<b>Annual salary</b>	<b>Car allowance</b>	<b>Social contribution</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2014</b>				
Executive Mayor				
Alderman De Lille, P	<b>1 164</b>	1 124	40	-
Executive Deputy Mayor/Finance				
Alderman Neilson, ID	<b>939</b>	841	-	98
Safety and Security Services				
Alderman Smith, JP	<b>862</b>	729	60	73
Corporate Services				
Alderman Qually, DL (until 25/05/2014)	<b>777</b>	711	-	66
Councillor Limberg, X (from 26/05/2014)	<b>86</b>	86	-	-
Economic, Environmental and Spatial Planning				
Councillor Bloor, G (until 15/05/2014)	<b>753</b>	753	-	-
Councillor Van der Merwe, J (from 16/05/2014)	<b>109</b>	97	-	12
Social and Early Childhood Development				
Councillor Little, S	<b>862</b>	862	-	-
Health				
Councillor James, LV (until 06/05/2014)	<b>732</b>	732	-	-
Councillor Van Minnen, B (from 16/05/2014)	<b>109</b>	109	-	-
Community Services				
Alderman Walker, B	<b>862</b>	770	-	92
Transport for Cape Town				
Councillor Herron, BN	<b>862</b>	862	-	-
Tourism, Events and Marketing				
Councillor Pascoe, GI (until 06/04/2014)	<b>661</b>	606	-	55
Councillor Bloor, G (from 16/05/2014)	<b>109</b>	109	-	-
Utility Services				
Councillor Sonnenberg, EJ	<b>862</b>	770	-	92
Housing				
Councillor Gqada, T (until 06/05/2014)	<b>732</b>	732	-	-
Councillor Mamkeli, S (from 16/05/2014)	<b>109</b>	109	-	-
	<b>10 590</b>	<b>10 002</b>	<b>100</b>	<b>488</b>

## Analysis of remuneration benefits

## 2013

	Total	Annual salary	Car allowance	Social contribution
	R'000	R'000	R'000	R'000
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 Qudly, DL	821	751	-	70
Economic, Environmental and Spatial Planning				
Alderman Walker, B (until 31/01/2013)	479	434	-	45
Councillor Bloor, G (from 01/02/2013)	342	342	-	-
Social and Early Childhood Development				
Councillor Cortje-Alcock, BA (until 17/09/2012)	161	147	-	14
Councillor Little, S (from 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 (from 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 (from 01/02/2013)	342	305	-	37
Housing				
Councillor Sonnenberg, EJ (until 31/01/2013)	428	428	-	-
Councillor Gqada, T (from 01/02/2013)	378	342	-	36
	<b>10 142</b>	<b>9 635</b>	<b>40</b>	<b>467</b>

## 49.2.2 Councillors/Mayoral Committee members

## Analysis of remuneration benefits

## 2014

	Total	Annual salary	Car allowance	Social contribution
	R'000	R'000	R'000	R'000
Mayoral committee members	10 590	10 002	100	488
Councillors	103 005	98 891	20	4 094
Subsidiaries: Board members	445	445	-	-
	<b>114 040</b>	<b>109 338</b>	<b>120</b>	<b>4 582</b>
2013				
Mayoral committee members	10 142	9 635	40	467
Councillors	97 397	93 252	124	4 021
Subsidiaries: Board members	208	208	-	-
	<b>107 747</b>	<b>103 095</b>	<b>164</b>	<b>4 488</b>

Councillors are remunerated according to the Remuneration of Public Office-Bearers Act (Act 20 of 1998) and are not disclosed individually but in aggregate and only have collective executive powers for planning, directing and controlling the activities of the City. There are 221 Council members, whose aggregate remuneration amounted to R113,60 million for the period under review. The average remuneration per councillor is R0,514 million per annum. The Mayoral Committee members have such individual executive powers as granted by their delegation, and are therefore disclosed as such – refer to note 49.2.1. A full list of the councillors is disclosed on page 8 as part of the "General information".



## 49.2.3 Executive management

## Analysis of remuneration benefits

	Total	Annual salary	Performance bonus	Car allowance	Social contribution	Travel and subsistence	Relocation allowance
	R'000	R'000		R'000	R'000	R'000	R'000
<b>2014</b>							
City Manager Ebrahim, A	2 191	1 871	-	-	294	26	-
Deputy City Manager Marsden, M (retired 30/11/2013)	870	768	-	-	102	-	-
Community Services Mtwazi, L	1 662	1 372	-	-	84	206	-
Corporate Services Mayimele-Hashatse, F (appointed 08/07/2013)	1 649	1 568	-	-	2	-	79
Economic, Environmental and Spatial Planning Hugo, J	1 675	1 631	-	-	44	-	-
Finance Jacoby, K	1 677	1 387	-	81	207	2	-
Health Mahlangu-Mathibela, W	1 651	1 426	-	75	150	-	-
Integrated Human Settlement Services Maqetuka, S	1 670	1 475	-	-	195	-	-
Compliance and Auxiliary Services Ras, D	1 687	1 685	-	-	2	-	-
Safety and Security Bosman, R	1 671	1 381	-	95	195	-	-
Social and Early Childhood Development Dr Bromfield, IK	1 651	1 283	-	133	235	-	-
Tourism, Events and Marketing Groenewald, A	1 681	1 668	-	-	2	11	-
Transport, Roads and Stormwater Whitehead, M	1 684	1 668	-	-	2	14	-
Utility Services Kaiser, G	1 669	1 563	-	72	34	-	-
CTICC Toefy, R	1 661	1 456	205	-	-	-	-
	<b>24 749</b>	<b>22 202</b>	<b>205</b>	<b>456</b>	<b>1 548</b>	<b>259</b>	<b>79</b>

## Analysis of remuneration benefits

	Total	Annual salary	Performance bonus	Car allowance	Social contribution	Travel and subsistence	Relocation allowance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>2013</b>							
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) Stelzner, A (acting 01/05/2013)	1 233 194	1 231 151	- -	- 14	2 29	- -	- -
Economic, Environmental and Spatial Planning Hugo, J	1 566	1 524	-	-	42	-	-
Finance Jacoby, K	1 565	1 269	-	94	202	-	-
Health Bromfield, IK (contract ended 30/04/2013) Mahlangu-Mathibela, W (appointed 01/05/2013)	1 095 258	821 230	- -	111 14	163 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) Ras, D (acting 01/01/2013-30/04/2013) Bromfield, IK (appointed 01/05/2013)	802 379 402	801 378 343	- - -	- - 22	1 1 37	- - -	- - -
Tourism, Events and Marketing Groenewald, A	1 574	1 558	-	-	2	14	-
Transport, Roads and Stormwater Whitehead, M	1 573	1 563	-	-	2	8	-
Utility Services Dhlamini, L (contract ended 31/10/2012) Kaiser, G (appointed 01/11/2012)	401 990	341 973	- -	10 -	50 17	- -	- -
CTICC Toefy, R	1 570	1 408	162	-	-	-	-
	<b>22 289</b>	<b>20 024</b>	<b>162</b>	<b>445</b>	<b>1 628</b>	<b>30</b>	<b>-</b>

**50. EVENTS AFTER REPORTING DATE**

At the time of preparing and submitting the annual consolidated financial statements, there were no subsequent events to disclose.

	Contractual interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2013 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 2014 R'000
<b>LOCAL REGISTERED STOCK</b>										
ABSA Nominees (Pty) Ltd	14,650	830011508	2014	7 047	-	-	(247)	-	6 800	-
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
<b>Total local registered stock</b>				<b>4 282 536</b>	<b>-</b>	<b>-</b>	<b>(247)</b>	<b>-</b>	<b>6 800</b>	<b>4 275 489</b>
<b>CONCESSIONARY LOANS</b>										
Nedcor Bank	1,000	830000920	2019	19	-	-	-	3	-	22
DBSA	5,000	830012028	2020	24 332	-	-	-	868	4 000	21 200
Agence Française de Développement (AFD)	5,763	830018500	2028	515 381	-	-	(1 528)	10 350	40 000	484 203
Agence Française de Développement (AFD)	5,730	830018516	2028	514 170	-	-	(1 331)	10 454	40 000	483 293
Agence Française de Développement (AFD)	5,755	830018530	2028	514 928	-	-	(1 053)	10 267	40 000	484 142
Agence Française de Développement (AFD)	5,800	830018523	2028	502 493	-	-	(848)	9 968	38 961	472 652
<b>Total concessionary loans</b>				<b>2 071 323</b>	<b>-</b>	<b>-</b>	<b>(4 760)</b>	<b>41 910</b>	<b>162 961</b>	<b>1 945 512</b>
<b>OTHER LOANS</b>										
DBSA	12,250	83001051	2015	68 889	-	-	(3 945)	-	38 967	25 977
FirstRand Bank	12,631	830003504	2017	168 187	-	-	-	-	9 464	158 723
ABSA Bank	10,900	830007011	2018	100 000	-	-	-	-	20 000	80 000
DBSA	10,590	83001050	2018	196 335	-	-	(9 796)	-	50 874	135 665
FirstRand Bank	12,046	830009531	2018	148 465	-	-	1 967	-	20 000	130 432
DBSA	9,420	830012035	2020	65 333	-	-	-	-	9 333	56 000
DBSA	9,639	830013000	2022	126 667	-	-	-	-	13 334	113 333
DBSA	10,565	830013507	2022	126 667	-	-	-	-	13 334	113 333
<b>Total other loans</b>				<b>1 000 543</b>	<b>-</b>	<b>-</b>	<b>(11 774)</b>	<b>-</b>	<b>175 306</b>	<b>813 463</b>
<b>Total Municipality of Cape Town</b>				<b>7 354 402</b>	<b>-</b>	<b>-</b>	<b>(16 781)</b>	<b>41 910</b>	<b>345 067</b>	<b>7 034 464</b>
<b>OTHER LOANS - Controlled entities</b>										
CID Claremont Road Co.: DBSA	-	-	2023	16 704	-	-	-	-	1 095	15 609
CID Voortrekker Road	-	-	2019	-	86	-	-	-	-	86
CID Zwaanswyk: Loans from members	9,000	-	2014	235	-	-	-	-	235	-
<b>Total controlled entities</b>				<b>16 939</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 330</b>	<b>15 695</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>7 371 341</b>	<b>86</b>	<b>-</b>	<b>(16 781)</b>	<b>41 910</b>	<b>346 397</b>	<b>7 050 159</b>

## Appendix B: Analysis of property, plant and equipment and other assets as at 30 June 2014 – economic entity

	COST						ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance <sup>1</sup>	Transfers/adjustments	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance <sup>1</sup>	Transfers/adjustments <sup>3</sup>	Impairments	Additions	Disposals	Closing balance	
	R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>LAND AND BUILDINGS</b>													
Land	973 575	51 848	61 416	(32 624)	(1 903)	1 052 312	(326 513)	32 626	(32 624)	-	1 023	(325 488)	726 824
Buildings and land	2 105 590	80 496	170 980	-	(7 356)	2 349 710	(907 957)	(149)	-	(44 334)	6 870	(945 570)	1 404 140
	<b>3 079 165</b>	<b>132 344</b>	<b>232 396</b>	<b>(32 624)</b>	<b>(9 259)</b>	<b>3 402 022</b>	<b>(1 234 470)</b>	<b>32 477</b>	<b>(32 624)</b>	<b>(44 334)</b>	<b>7 893</b>	<b>(1 271 058)</b>	<b>2 130 964</b>
<b>INFRASTRUCTURE</b>													
Assets under construction	1 884 912	(1 628 195)	1 179 659	-	-	1 436 376	-	-	-	-	-	-	1 436 376
Telecommunications	-	50	39 073	-	-	39 123	-	-	-	(241)	-	(241)	38 882
Drains	795 721	34 464	22 159	-	-	852 344	(279 418)	-	-	(27 213)	-	(306 631)	545 713
Roads	7 207 691	761 327	633 982	-	-	8 603 000	(2 083 445)	542	-	(252 768)	-	(2 335 671)	6 267 329
Beach improvements	40 869	(1)	311	-	-	41 179	(21 099)	-	-	(882)	-	(21 981)	19 198
Sewerage mains and purification	2 719 137	272 470	109 743	-	-	3 101 350	(861 335)	-	-	(143 673)	-	(1 005 008)	2 096 342
Electricity peak load equipment and mains	6 351 160	91 289	671 768	-	-	7 114 217	(2 260 190)	145	-	(134 167)	-	(2 394 212)	4 720 005
Water mains and purification	2 631 637	52 894	166 783	-	-	2 851 314	(1 196 845)	-	-	(103 523)	-	(1 300 368)	1 550 946
Reservoirs - water	452 910	17 064	19 511	-	-	489 485	(315 322)	1	-	(19 005)	-	(334 326)	155 159
	<b>22 084 037</b>	<b>(398 638)</b>	<b>2 842 989</b>	<b>-</b>	<b>-</b>	<b>24 528 388</b>	<b>(7 017 654)</b>	<b>688</b>	<b>-</b>	<b>(681 472)</b>	<b>-</b>	<b>(7 698 438)</b>	<b>16 829 950</b>
<b>COMMUNITY ASSETS</b>													
Assets under construction	117 109	(84 550)	64 854	-	-	97 413	-	-	-	-	-	-	97 413
Parks and gardens	208 435	16 224	14 828	-	-	239 487	(21 256)	-	-	(7 652)	-	(28 908)	210 579
Libraries	206 417	269	20	-	-	206 706	(64 304)	-	-	(3 373)	-	(67 677)	139 029
Recreation facilities	5 371 094	46 747	37 584	-	-	5 455 425	(976 645)	6	-	(210 037)	-	(1 186 676)	4 268 749
Civic buildings	1 930 879	245 742	179 658	-	-	2 356 279	(727 766)	130	-	(65 161)	-	(792 797)	1 563 482
	<b>7 833 934</b>	<b>224 432</b>	<b>296 944</b>	<b>-</b>	<b>-</b>	<b>8 355 310</b>	<b>(1 789 971)</b>	<b>136</b>	<b>-</b>	<b>(286 223)</b>	<b>-</b>	<b>(2 076 058)</b>	<b>6 279 252</b>
<b>OTHER ASSETS</b>													
Assets under construction	815 501	(866 447)	421 191	-	-	370 245	(16 091)	-	-	-	-	(16 091)	354 154
Buildings and land	18	415 298	(21)	-	-	415 295	(17)	-	-	(297)	-	(314)	414 981
Landfill sites	770 018	2 469	30 458	-	-	802 945	(364 312)	(35 666)	-	(45 330)	-	(445 308)	357 637
Furniture, fittings and equipment	782 697	5 854	80 254	-	(16 565)	852 240	(393 662)	1	-	(95 755)	15 889	(473 527)	378 713
Bins and containers	45 448	2 921	6 299	-	(57)	54 611	(36 738)	-	-	(3 540)	58	(40 220)	14 391
Emergency equipment	38 195	(1)	1 174	-	(75)	39 293	(32 325)	-	-	(2 751)	75	(35 001)	4 292
Motor vehicles and watercraft	2 104 715	(687 565)	124 708	-	(26 439)	1 515 419	(947 727)	52 995	(76)	(141 091)	24 428	(1 011 471)	503 948
Specialised vehicles	1 040 791	2 915	125 035	-	(34 792)	1 133 949	(432 175)	28	-	(79 035)	34 123	(477 059)	656 890
Computer equipment	1 576 519	6 159	142 746	-	(29 386)	1 696 038	(931 272)	(33)	-	(220 181)	28 794	(1 122 692)	573 346
Animals	461	-	125	-	-	586	(147)	-	-	(73)	-	(220)	366
	<b>7 174 363</b>	<b>(1 118 397)</b>	<b>931 969</b>	<b>-</b>	<b>(107 314)</b>	<b>6 880 621</b>	<b>(3 154 466)</b>	<b>17 325</b>	<b>(76)</b>	<b>(588 053)</b>	<b>103 367</b>	<b>(3 621 903)</b>	<b>3 258 718</b>
<b>SERVICE CONCESSION ASSETS</b>													
Busses and depots	-	931 642	73 670	-	-	1 005 312	-	(53 544)	-	(73 356)	-	(126 900)	878 412
	<b>-</b>	<b>931 642</b>	<b>73 670</b>	<b>-</b>	<b>-</b>	<b>1 005 312</b>	<b>-</b>	<b>(53 544)</b>	<b>-</b>	<b>(73 356)</b>	<b>-</b>	<b>(126 900)</b>	<b>878 412</b>
<b>HOUSING RENTAL STOCK</b>													
	<b>1 699 759</b>	<b>227 458</b>	<b>177 573</b>	<b>-</b>	<b>(1 465)</b>	<b>2 103 325</b>	<b>(682 092)</b>	<b>(2)</b>	<b>-</b>	<b>(48 938)</b>	<b>822</b>	<b>(730 210)</b>	<b>1 373 115</b>
<b>TOTAL PPE (See note 1)</b>	<b>41 871 258</b>	<b>(1 159)</b>	<b>4 555 541</b>	<b>(32 624)</b>	<b>(118 038)</b>	<b>46 274 978</b>	<b>(13 878 653)</b>	<b>(2 920)</b>	<b>(32 700)</b>	<b>(1 722 376)</b>	<b>112 082</b>	<b>(15 524 567)</b>	<b>30 750 411</b>
<b>HERITAGE ASSETS (See note 2)</b>													
Assets under construction	330	(330)	-	-	-	-	-	-	-	-	-	-	-
Painting and art galleries	9 081	-	37	-	(7)	9 111	-	-	-	-	-	-	9 111
	<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>-</b>	<b>(7)</b>	<b>9 111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 111</b>
<b>INVESTMENT PROPERTIES (See note 3)</b>													
	<b>240 842</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>241 514</b>	<b>(48 897)</b>	<b>(127)</b>	<b>-</b>	<b>(1 641)</b>	<b>-</b>	<b>(50 665)</b>	<b>190 849</b>
<b>INTANGIBLE ASSETS (See note 4)</b>													
	<b>1 081 501</b>	<b>806</b>	<b>22 752</b>	<b>-</b>	<b>-</b>	<b>1 105 059</b>	<b>(324 892)</b>	<b>5</b>	<b>-</b>	<b>(50 665)</b>	<b>-</b>	<b>(375 552)</b>	<b>729 507</b>
<b>TOTAL OTHER</b>	<b>1 331 754</b>	<b>1 148</b>	<b>22 789</b>	<b>-</b>	<b>(7)</b>	<b>1 355 684</b>	<b>(373 789)</b>	<b>(122)</b>	<b>-</b>	<b>(52 306)</b>	<b>-</b>	<b>(426 217)</b>	<b>929 467</b>
<b>GRAND TOTAL</b>	<b>43 203 012</b>	<b>(11)</b>	<b>4 578 330</b>	<b>(32 624)</b>	<b>(118 045)</b>	<b>47 630 662</b>	<b>(14 252 442)</b>	<b>(3 042)</b>	<b>(32 700)</b>	<b>(1 774 682)</b>	<b>112 082</b>	<b>(15 950 784)</b>	<b>31 679 878</b>

1. Comparative restated: see note 46 for more detail.

2. Includes the contributed assets amount of R33,44 million.

3. The transfers/adjustment amount of R35,67 million is due to a change in the landfill site liability and was deducted from the cost of the related asset.

## Appendix C: Disclosure of bank accounts in terms of section 125 (2)(a) of the MFMA

Account numbers		2014	2013	2012	
2014	2013	R'000	R'000	R'000	
<b>MUNICIPALITY OF CAPE TOWN</b>					
<b>Bank accounts held with ABSA</b>					
Primary account	40-5658-4470	174 987	146 726	98 651	
Salary bank account	40-5658-4496	-	-	-	
Cashier's bank account	40-5658-4527	-	-	-	
General income bank account (primary)	40-5658-4569	-	-	-	
Traffic fines bank account	40-7261-8663	-	-	-	
IRT funding account	5435522023983010	-	-	301	
IRT funding account	5435522024946010	-	-	325	
IRT funding account	5435522024948010	-	-	320	
IRT Investment account	40-7940-0542	-	-	-	
IRT bank account	40-8089-5180	-	-	-	
<b>Amorised cost</b>		<b>174 987</b>	<b>146 726</b>	<b>99 597</b>	
<b>SUBSIDIARIES</b>					
<b>CCTIC</b>					
<b>Bank accounts</b>					
Nedbank - Current Account	1232043850	1 355	131	874	
ABSA Bank - Current	4072900553	2 872	996	2 153	
ABSA Bank - CTICC East - Current	4072900228	80	40	1 355	
ABSA Bank - Exh Serv - Current	4072900731	498	92	325	
ABSA Bank Treasury	4073731246	60	57	55	
ABSA Bank Treasury	4073733701	1 930	1 842	1 760	
<b>Amorised cost</b>		<b>6 795</b>	<b>3 158</b>	<b>6 522</b>	
<b>City improvement districts</b>					
		31 215	22 182	20 766	
		31 215	22 182	20 766	
<b>Total bank balances - see note 10</b>					
		<b>212 997</b>	<b>172 066</b>	<b>126 885</b>	
<b>MUNICIPALITY OF CAPE TOWN <sup>1</sup></b>					
<b>Bank accounts managed by Fund Managers</b>					
City of Cape Town	5500125800 <sup>2</sup>	40-7635-9041 <sup>3</sup>	690	21	477
City of Cape Town	5500125801	40-7635-9245	1 394	1 163	361
City of Cape Town	5500125802	40-8124-5134	549	-	-
City of Cape Town	5500125803	40-7635-9588	1 087	4 889	611
City of Cape Town	5500125804	40-8124-5192	1 547	-	-
City of Cape Town	5500125805	40-8124-5176	429	-	-
City of Cape Town	5500125806	40-7635-9910	1 888	1 184	934
City of Cape Town	5500125807	40-7635-8647	568	3 174	10 771
City of Cape Town	5500125808	40-6712-0322	168	345	778
City of Cape Town	5500125809	40-7636-0082	105	862	344
<b>Fair value - see note 10</b>		<b>8 425</b>	<b>11 638</b>	<b>14 276</b>	
<b>SUBSIDIARIES</b>					
<b>CCTIC</b>					
<b>Investment accounts</b>					
Nedbank - Call Account	03/7881544007/46	5 359	2 743	4 564	
Nedbank - Investment Account	03/7881544007/000095	13 464	12 749	12 114	
Nedbank - Money Market Fund	(1766000029) (03/7881111917/00002)	39 117	-	-	
Absa Bank - Call Deposit	4074708347	4 876	11 181	2 514	
Absa Bank - Fixed Deposit	34942428	-	5 397	5 131	
Stanlib - Corporate Money Market Fund	000-402-184 (1199539) 551436367	7 328	15 798	17 743	
Stanlib - Corporate Money Market Fund	000-402-184 (1199539) 552166459	24 116	-	-	
Standard Bank Investment Account	(97212) 476949	21 381	20 281	19 280	
Standard Bank Investment Account	(97212) 478558	18 293	17 360	16 493	
Absa Bank - Investment New 2	(506009 4072900553) 36999248	20 644	19 598	18 636	
Absa Bank - Investment New 1	(506009 4072900553) 36753413	18 583	17 637	16 751	
Nedbank - Three Month Deposit	03/7881544007/000094	14 560	13 807	13 110	
Investec - Corporate Money Market Fund	(462097) 1008645	17 099	15 011	-	
Investec - Corporate Money Market Fund	(462097) 1037793	23 082	-	-	
ABSA Bank - Call Deposit	4083941322	19 564	-	-	
Nedgroup - Money Market Fund	(1800167964) 8319631	15 306	-	-	
Nedgroup - Corporate Money Market Fund C2	(800190652) 8220496	18 102	-	-	
Nedgroup - Money Market Fund Class C2	(800190652) 8330497	24 119	-	-	
Absa Bank - Fixed Deposit	506009 4072900553 - 38052758	30 093	-	-	
Absa Bank - Money Market Fund	9295637051	13 046	-	-	
<b>Fair value</b>		<b>348 132</b>	<b>151 562</b>	<b>126 336</b>	

1. Absa Bank Ltd sold its custody and trustee business to Standard Chartered Bank, with the sale being registered on 2 December 2013.
2. The City of Cape Town was required to open a number of bank accounts with Standard Chartered Bank for the purpose of the investment and withdrawal 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 appointed fund managers. The effective date of the migration was on 2 December 2013.
3. The City of Cape Town was required to close the Absa bank accounts that were used for the same purpose prior to the sale by Absa of its custody and trustee business to Standard Chartered Bank.

2013				BUSINESS UNITS	2014			
Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)		Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)
R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000
Restated <sup>1</sup>	Restated <sup>1</sup>							
<b>15 902 590</b>	<b>12 923 414</b>	<b>2 979 176</b>	<b>2 464 727</b>	<b>Rates and General</b>	<b>16 041 640</b>	<b>15 596 255</b>	<b>445 385</b>	<b>504 141</b>
391 134	898 940	(507 806)	(524 742)	City Health	432 299	936 192	(503 893)	(567 918)
2	2 414	(2 412)	(4 124)	City Manager	128	12 725	(12 597)	(4 041)
183 401	1 896 341	(1 712 940)	(1 692 832)	Community Services	162 449	1 904 820	(1 742 371)	(1 726 434)
62 301	457 393	(395 092)	(303 603)	Compliance and Auxiliary	24 609	127 107	(102 498)	(72 688)
26 527	121 536	(95 009)	(110 933)	Corporate Services	66 736	284 757	(218 021)	(190 398)
104 348	639 277	(534 929)	(559 886)	Economic, Environmental and Spatial Planning	108 334	647 163	(538 829)	(576 763)
2 248 839	1 150 049	1 098 790	583 412	Finance	1 959 700	1 339 262	620 438	509 355
8 922 491	2 107 753	6 814 738	6 706 617	Rates and Other	9 745 393	3 240 969	6 504 424	6 429 922
193 313	1 915 750	(1 722 437)	(1 673 579)	Safety and Security Services	839 661	2 439 023	(1 599 362)	(1 837 319)
1 027	122 357	(121 330)	(127 809)	Social and Early Childhood Development	128	158 366	(158 238)	(160 547)
26 817	518 941	(492 124)	(550 008)	Tourism, Events and Marketing	64 931	626 671	(561 740)	(621 089)
2 557 646	2 011 744	545 902	675 082	Transport, Roads and Stormwater	1 415 099	2 590 514	(1 175 415)	(769 299)
1 184 744	1 080 919	103 825	47 132	Human settlements	1 222 173	1 288 686	(66 513)	91 360
<b>17 239 026</b>	<b>16 774 476</b>	<b>464 550</b>	<b>734 394</b>	<b>Utility Services</b>	<b>18 197 523</b>	<b>16 983 432</b>	<b>1 214 091</b>	<b>949 221</b>
2 155 923	2 143 298	12 625	98 892	Solid Waste Management	2 371 628	2 127 022	244 606	88 862
2 082 168	2 122 217	(40 049)	56 966	Sanitation	2 234 857	2 249 155	(14 298)	12 878
3 274 675	3 226 858	47 817	78 611	Water	3 350 919	3 208 213	142 706	142 017
9 726 260	9 282 103	444 157	499 925	Cape Town Electricity	10 240 119	9 399 042	841 077	705 464
<b>276 646</b>	<b>245 331</b>	<b>31 315</b>	<b>6 375</b>	<b>Subsidiaries</b>	<b>312 580</b>	<b>278 419</b>	<b>34 161</b>	<b>3 557</b>
167 430	140 714	26 716	6 375	Cape Town International Convention Centre (Pty) Ltd	187 547	161 739	25 808	2 732
109 216	104 617	4 599	-	City improvement districts	125 033	116 680	8 353	825
<b>33 418 262</b>	<b>29 943 221</b>	<b>3 475 041</b>	<b>3 205 496</b>	Subtotal	<b>34 551 743</b>	<b>32 858 106</b>	<b>1 693 637</b>	<b>1 456 919</b>
5 896 761	5 896 761	-	-	Interdepartmental charges	6 181 249	6 181 249	-	-
<b>27 521 501</b>	<b>24 046 460</b>	<b>3 475 041</b>	<b>3 205 496</b>	<b>Total before taxation</b>	<b>28 370 494</b>	<b>26 676 857</b>	<b>1 693 637</b>	<b>1 456 919</b>

1. Comparative restated: see note 46 for more details.

National and Provincial grant funds 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
					R'000	R'000			
<b>National Government</b>									
2014 African Nations Championship	Sport and Recreation	-	(63 000)	5 146	45 060	3 942	-	-	(8 852)
Accreditation: Development Support	State Housing	(1 015)	-	-	57	14	-	-	(944)
Budget Reform Funds	National Treasury	(148)	(1 250)	-	219	841	-	-	(338)
Department of Environmental Affairs and Tourism	Environmental Affairs	(24)	(245)	-	224	-	-	-	(45)
DME - INEP	Energy	-	(24 500)	-	-	7 276	-	-	(17 224)
Energy Efficiency Electricity Demand Side Management	National Treasury	(24)	(16 000)	24	1 728	7 683	-	-	(6 589)
Expanded Public Works Incentive Grant	National Treasury	(9 330)	(32 080)	-	38 192	412	-	-	(2 806)
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Infrastructure Skills Development	National Treasury	-	(1 000)	-	-	99	-	-	(901)
Integrated City Development Grant	National Treasury	-	(10 364)	-	864	-	-	-	(9 500)
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	-	-	-	-	-	-	(17)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(522)	-	-	-	-	-	-	(522)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	-	(5 761)	-	-	3 589	-	-	(2 172)
Natural Resource Management	Environmental Affairs	(2 619)	-	-	2 474	-	-	-	(145)
Neighbourhood Development Programme	National Treasury	(16 435)	(26 000)	-	-	24 551	-	-	(17 884)
Public Transport Infrastructure Systems Grant	Transport	(184 637)	-	-	53 341	131 296	-	-	-
Public Transport Infrastructure Grant	Transport	-	(946 241)	-	-	654 511	-	-	(291 730)
Public Transport Network Operations Grant	Transport	-	(352 521)	-	217 101	1	-	-	(135 419)
Restructuring Grant - Seed Funding	National Treasury	(4 831)	-	-	-	-	-	-	(4 831)
Urban Renewal	National Treasury	(27 856)	-	-	376	15 373	-	-	(12 107)
Urban Settlement Development Grant	National Treasury	(66 276)	(1 193 497)	-	57 826	915 400	-	-	(286 547)
Water Demand Side	Water	(697)	-	-	-	-	-	-	(697)
<b>Total Dora allocation</b>		<b>(314 442)</b>	<b>(2 672 459)</b>	<b>5 170</b>	<b>417 462</b>	<b>1 764 988</b>	<b>-</b>	<b>-</b>	<b>(799 281)</b>
2010 FIFA World Cup: Green Point: Interest account		(4 421)	-	-	-	3 891	-	-	(530)
LGSETA: Post Graduate Internship Programme: Interest account		(6)	-	-	-	-	(29)	-	(35)
Natural Resource Management: Interest account		(88)	-	-	-	-	(88)	-	(176)
Neighbourhood Development Programme: Interest account		(6 722)	-	-	-	-	(2 080)	-	(8 802)
Public Transport Infrastructure Systems Grant: Interest account		(201 339)	-	-	2 778	-	(19 485)	-	(218 046)
Public Transport Infrastructure Grant: Interest account		-	-	-	-	-	(13 677)	-	(13 677)
Public Transport Network Operations Grant: Interest account		-	-	-	-	-	(5 516)	-	(5 516)
Smart Living Handbook: Interest account		(73)	-	-	-	-	(4)	-	(77)
<b>Total Interest earned</b>		<b>(212 649)</b>	<b>-</b>	<b>-</b>	<b>2 778</b>	<b>3 891</b>	<b>(40 879)</b>	<b>-</b>	<b>(246 859)</b>
<b>Total national government transfers and grants</b>		<b>(527 091)</b>	<b>(2 672 459)</b>	<b>5 170</b>	<b>420 240</b>	<b>1 768 879</b>	<b>(40 879)</b>	<b>-</b>	<b>(1 046 140)</b>

## Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2014

Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
					R'000	R'000			
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(27 511)	(10 000)	-	3 690	-	(1 560)	-	(35 381)
Athlone Stadium General Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	-	(1 742)
Atlantis - Wesleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	(323)
Atlantis Thusong Multi Purpose Centre	Cultural Affairs and Sport	(187)	-	-	-	-	(10)	-	(197)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Bokmakierie / Hazendal Infill 3	Human Settlements	(1 137)	-	-	90	571	-	-	(476)
Broadband	Human Settlements	-	-	(5 081)	-	4 860	-	-	(221)
Browns Farm Phase 3,4,5,6	Human Settlements	(11 564)	-	-	27	-	-	-	(11 537)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 366)	-	899	-	-	(286)	-	(4 753)
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(27)	-	-	-	-	(1)	-	(28)
Chris Hanu Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Community Residential Units	Human Settlements	(35 284)	-	(269 169)	-	218 570	-	(28 880)	(114 763)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sport field Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(3 369)	-	-	80	-	-	-	(3 289)
Dial-a-Ride	Transport and Public Works	(1 857)	-	22	1 895	-	(60)	-	-
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	(11 676)	19 231	-	-	(7 555)	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	(299)
E Business Project	Treasury	(1 901)	-	-	-	-	(103)	-	(2 004)
Echo Road Housing Project	Human Settlements	(4)	-	-	-	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 649)	-	-	33	-	(142)	-	(2 758)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(350)	-	(311)	3 204	-	-	(2 691)	(148)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	-	-	-	-	-	(44)
Enkanani Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)
Establishment Grants	Human Settlements	(2 439)	-	(1 292)	1 846	-	(125)	(10)	(2 020)
Facilitation Grants	Human Settlements	(537)	-	(317)	276	-	(31)	(7)	(616)
False Bay Ecology	Economic Development and Tourism	(1 063)	-	-	-	243	(56)	-	(876)
Fire Detection Surveillance Cameras	Human Settlements	(71)	-	-	-	-	(4)	-	(75)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Global Fund	Health	(2 661)	-	-	-	-	(144)	-	(2 805)
Global Fund Anti Retroviral	Health	-	(33 201)	4 304	32 233	-	-	(3 336)	-



Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
					R'000	R'000			
Global Fund Community Base Response Project	Health	-	(2 938)	818	3 063	-	-	(943)	-
Government Grant Community Development Workers	Human Settlements	-	(984)	-	367	-	(24)	-	(641)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(46)	-	-	-	-	(3)	-	(49)
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	(85)	-	-	-	-	-	-	(85)
Happy Valley - Phase 2 Top Structures	Human Settlements	-	-	(22 603)	32 182	-	-	(9 579)	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(186)	-	-	20	-	(9)	-	(175)
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-
HIV/AIDS Community Based Response Projects	Health	-	(97 542)	13 384	88 613	-	-	(4 455)	-
Hostels Phase 2 Housing	Human Settlements	(996)	-	-	-	-	-	-	(996)
Housing Settlements Development Grant	Human Settlements	-	(623 269)	632 556	1 521	-	-	(10 808)	-
Imizamo Yethu IDA	Human Settlements	-	-	-	336	-	-	(336)	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(1 420)	(1 000)	56	712	-	-	-	(1 652)
Integrated Community Access Network		-	(2 350)	-	-	-	(28)	-	(2 378)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	(8 826)	10 160	-	-	(1 334)	-
Kewtown Infill Development	Human Settlements	(190)	-	-	-	-	-	-	(190)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(19)	-	-	-	-	(1)	-	(20)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(874)	-	-	-	-	(48)	-	(922)
Khayelitsha Site C Subsidies	Human Settlements	(4 015)	-	-	363	-	(208)	-	(3 860)
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	-	-	(2 112)	2 215	-	-	(103)	-
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sports field Development	Cultural Affairs and Sport	(105)	-	-	-	-	-	-	(105)
Law Enforcement Officers	Cultural Affairs and Sport	(463)	(27 428)	-	27 228	200	-	-	(463)
Local Spatial Plan	Environmental Affairs and Development Planning	(11)	-	-	-	-	-	-	(11)
Macassar Treatment Works	Human Settlements	(8 000)	-	-	-	2 500	-	-	(5 500)
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	(9)	-	-	-	-	-	-	(9)

## Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2014

Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
					R'000	R'000			
Masiphumelele Tra	Human Settlements	(894)	-	-	-	-	(49)	-	(943)
Masiphumelele Amakhaya Ngoku	Human Settlements	(13 697)	-	-	-	-	(746)	-	(14 443)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Land Transport Fund		-	(22 600)	(22)	10 888	139	(362)	-	(11 957)
Metropolitan Transport Fund	Transport and Public Works	-	-	(24 317)	3 264	21 053	-	-	-
Mfuleni and Strand 12 Houses	Human Settlements	(126)	-	-	-	-	-	-	(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)
Mfuleni MLS Top structure	Human Settlements	(213)	-	-	-	-	-	-	(213)
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	-	-	-	-	(4 143)
Mitchell's Plain Youth and Family Development Centre	Social Development	(727)	-	-	-	-	(40)	-	(767)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(1 044)	-	-	-	-	(57)	-	(1 101)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(164)	-	-	-	-	-	-	(164)
Nutrition Supplement Programme	Health	-	(4 400)	468	4 385	-	-	(453)	-
Pelican Park 2083 Top Structures	Human Settlements	-	-	(54 558)	67 253	-	-	(12 695)	-
Philippi East Top Structures	Human Settlements	-	-	28	29	-	-	(57)	-
Philippi East Market	Agriculture	(101)	-	-	-	105	(4)	-	-
Philippi East Phase 5	Human Settlements	(771)	-	-	133	-	-	-	(638)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix Top Structures	Human Settlements	(52)	-	52	-	-	-	-	-
Phoenix UISP	Human Settlements	(122)	-	(45)	-	-	-	-	(167)
Peoples Housing Project	Human Settlements	(61 977)	-	(157 662)	143 242	-	(4 817)	(5 637)	(86 851)
Phumlani Transfers	Human Settlements	(22)	-	-	-	-	-	-	(22)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(187)	-	-	-	-	(10)	-	(197)
Public Library Fund	Cultural Affairs and Sport	(2 091)	(24 409)	-	22 008	2 263	(295)	-	(2 524)
Redhill Informal Settlement	Human Settlements	(270)	-	-	-	-	(15)	-	(285)
River Clean and Green Project	Environmental Affairs and Development Planning	(399)	-	-	-	-	(22)	-	(421)
Rondevlei Housing Project	Human Settlements	(127)	-	-	4	-	-	-	(123)
Scottsdene 350 Top Structures	Human Settlements	-	-	(16 762)	-	16 082	-	-	(680)
Scottsdene 550 Top Structures	Human Settlements	(9 842)	-	(1 880)	14 633	-	-	(2 911)	-

Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Social Economic Facilities Programme	Human Settlements	(1 946)	-	(6 378)	-	15 102	-	(9 125)	(2 347)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	-	-	-	-	-	(1 142)
Sir Lowry's Pass Village Tra	Human Settlements	-	-	-	1 903	-	-	(1 903)	-
Site C Survey and Subdivision	Human Settlements	-	-	135	-	-	-	(135)	-
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	(6 085)	(14 025)	-	11 807	-	-	-	(8 303)
Temperance Town	Human Settlements	(83)	-	-	84	-	-	(1)	-
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	-	(73 439)	11 111	66 724	-	-	(4 396)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(1 557)	-	-	-	1 318	(47)	-	(286)
Vrygrond	Human Settlements	(34)	-	-	1	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(226)	-	-	14	-	(12)	-	(224)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(14 306)	-	355	704	-	-	(14)	(13 261)
Watergate Phase A	Cultural Affairs and Sport	(170)	-	-	-	-	(9)	-	(179)
Witsand Housing Project Phase 1,2	Human Settlements	(184)	-	-	-	-	-	-	(184)
<b>Total Provincial Government transfers and grants</b>		<b>(269 948)</b>	<b>(937 585)</b>	<b>81 796</b>	<b>576 461</b>	<b>283 880</b>	<b>(9 328)</b>	<b>(107 983)</b>	<b>(382 707)</b>
<b>Analysis of grants and subsidies</b>									
Total National Government transfers and grants		<b>(527 091)</b>	<b>(2 672 459)</b>	<b>5 170</b>	<b>420 240</b>	<b>1 768 879</b>	<b>(40 879)</b>	<b>-</b>	<b>(1 046 140)</b>
Total Provincial Government transfers and grants		<b>(269 948)</b>	<b>(937 585)</b>	<b>81 796</b>	<b>576 461</b>	<b>283 880</b>	<b>(9 328)</b>	<b>(107 983)</b>	<b>(382 707)</b>
		<b>(797 039)</b>	<b>(3 610 044)</b>	<b>86 966</b>	<b>996 701</b>	<b>2 052 759</b>	<b>(50 207)</b>	<b>(107 983)</b>	<b>(1 428 847)</b>
1. The balance unspent at beginning and end of the year excludes VAT.									

	2013/2014										2012/2013				
	Original budget <sup>1</sup> R'000	Budget adjustments (i.t.o. s28 and s31 of the MFMA) R'000	Final adjustments budget R'000	Shifting of funds (i.t.o. s31 of the MFMA) R'000	Virement (i.t.o. Council approved policy) R'000	Final budget <sup>1</sup> R'000	Actual outcome R'000	Unauthorised expenditure R'000	Variance R'000	Actual outcome as % of Final budget %	Actual outcome as % of Original budget %	Reported unauthorised expenditure R'000	Expenditure authorised in terms of section 32 of MFMA R'000	Balance to be recovered R'000	Restated audited outcome R'000
<b>Financial Performance</b>															
Property rates	5 527 108	-	5 527 108	-	(99 720)	5 427 388	5 542 203	-	-	102	100	-	-	-	-
Service charges	14 604 532	(189 544)	14 414 988	-	-	14 414 988	14 063 470	-	-	98	96	-	-	-	-
Investment revenue	298 692	(8 916)	289 776	-	-	289 776	473 323	-	-	163	158	-	-	-	-
Transfers recognised - operational	2 595 904	13 243	2 609 147	-	-	2 609 147	2 389 432	-	-	92	92	-	-	-	-
Other own revenue	3 051 873	12 365	3 064 238	-	99 720	3 163 958	3 763 250	-	-	119	123	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>26 078 109</b>	<b>(172 852)</b>	<b>25 905 257</b>	<b>-</b>	<b>-</b>	<b>25 905 257</b>	<b>26 231 678</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee costs	8 304 409	(33 585)	8 270 824	-	1 239 310	9 510 134	8 691 018	-	-	91	105	-	-	-	-
Remuneration of councillors	123 721	-	123 721	-	-	123 721	120 153	-	-	97	97	-	-	-	-
Debt impairment	866 457	15 000	881 457	-	-	881 457	1 327 820	-	-	151	153	-	-	-	-
Depreciation & asset impairment	1 961 291	22 983	1 984 274	-	-	1 984 274	1 774 683	-	-	89	90	-	-	-	-
Finance charges	863 950	-	863 950	-	60	864 010	808 782	-	-	94	94	-	-	-	-
Materials and bulk purchases	7 257 562	(316 703)	6 940 859	-	(1 742)	6 939 117	6 591 232	-	-	95	91	-	-	-	-
Transfers and grants	39 544	78 271	117 815	-	4 679	122 494	115 034	-	-	94	291	-	-	-	-
Other expenditure	6 895 402	66 011	6 961 410	-	10 693	6 972 103	7 248 135	-	-	104	105	-	-	-	-
<b>Total Expenditure</b>	<b>26 312 336</b>	<b>(168 023)</b>	<b>26 144 310</b>	<b>-</b>	<b>1 253 000</b>	<b>27 397 310</b>	<b>26 676 857</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit)</b>	<b>(234 227)</b>	<b>(4 829)</b>	<b>(239 053)</b>	<b>-</b>	<b>(1 253 000)</b>	<b>(1 492 053)</b>	<b>(445 179)</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	2 535 058	338 613	2 873 671	-	-	2 873 671	2 052 758	-	-	71	81	-	-	-	-
Contributions recognised - capital and contributed assets	48 250	27 051	75 301	-	-	75 301	86 058	-	-	114	178	-	-	-	-
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>2 349 081</b>	<b>360 835</b>	<b>2 709 919</b>	<b>-</b>	<b>(1 253 000)</b>	<b>1 456 919</b>	<b>1 693 637</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>2 349 081</b>	<b>360 835</b>	<b>2 709 919</b>	<b>-</b>	<b>(1 253 000)</b>	<b>1 456 919</b>	<b>1 693 637</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure and funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	2 537 158	328 613	2 865 771	-	-	2 865 771	2 053 319	-	-	72	81	-	-	-	-
Public contributions and donations	46 150	5 874	52 024	-	-	52 024	44 022	-	-	85	95	-	-	-	-
Borrowing	2 149 497	(113 064)	2 036 433	-	-	2 036 433	1 856 889	-	-	91	86	-	-	-	-
Internally generated funds	964 278	(258 099)	706 179	-	-	706 179	590 662	-	-	84	61	-	-	-	-
<b>Total sources of capital funds</b>	<b>5 697 083</b>	<b>(36 676)</b>	<b>5 660 407</b>	<b>-</b>	<b>-</b>	<b>5 660 407</b>	<b>4 544 892</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>															
Net cash from (used) operating	4 447 103	192 080	4 639 183	-	-	4 639 183	4 566 057	-	-	98	103	-	-	-	-
Net cash from (used) investing	(5 109 063)	(427 673)	(5 536 736)	-	-	(5 536 736)	(6 588 723)	-	-	119	129	-	-	-	-
Net cash from (used) financing	(598 143)	-	(598 143)	-	-	(598 143)	(232 000)	-	-	39	39	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>(1 260 103)</b>	<b>(235 593)</b>	<b>(1 495 696)</b>	<b>-</b>	<b>-</b>	<b>(1 495 696)</b>	<b>(2 254 666)</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

2. An amount of R1,253 billion budget was approved by Council relating to the increase in the provision liability raised against the prior year accumulated surplus.

AFD	Agence Française 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 (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contributions (scheme)
DoRA	Division of Revenue Act
EFF	External Finance Fund
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IRM	integrated risk management
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
MFMA	Municipal Finance Management Act
PAYE	pay-as-you-earn
PPE	property, plant and equipment
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	supply chain management
UIF	Unemployment Insurance Fund
VAT	value-added tax
WDC	World Design Capital



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