

# AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

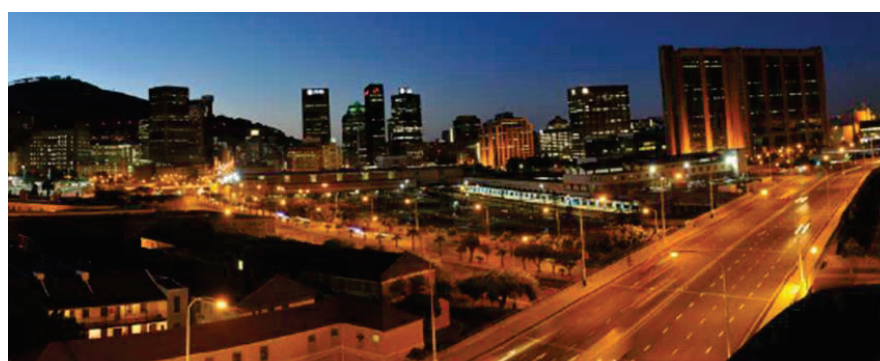


CITY OF CAPE TOWN  
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## Contents

<b>Reporting entity's mandate</b>	1
<b>Approval of the consolidated annual financial statements</b>	2
<b>Report of the Auditor-General</b>	3
<b>General information</b>	8
<b>Financial statements and policy</b>	
Statement of financial position	11
Statement of financial performance	12
Statement of changes in net assets	13
Cash flow statement	14
Statement of comparison of budget and actual amounts – economic entity	15
Statement of comparison of budget and actual amounts – Municipality of Cape Town	17
Accounting policies	19
Notes to the consolidated annual financial statements for the year ended 30 June 2016	30
<b>Annexures</b>	
A: Schedule of external borrowings	73
B: Analysis of property, plant and equipment and other assets	74
C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA	76
D: Segmental statement of financial performance	77
E: Disclosure of grants and subsidies in terms of section 123 of the MFMA	78
F: Appropriation statement (reconciliation: budget and in-year performance) in terms of National Treasury MFMA Circular No. 67	83
G: Bids awarded to family of employees in the service of the state – 2015	84
<b>Glossary of abbreviations</b>	86



## 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 Systems Act 32 of 2000, Municipal Structures Act 117 of 1998, Municipal Finance Management, Act 56 of 2003 (MFMA), 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 2016, as set out on pages 11 to 84 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 32 to these consolidated 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 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with the Act.



**Achmat Ebrahim**  
City Manager

30 September 2016

## 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 72, which comprise the consolidated and separate statement of financial position as at 30 June 2016, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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, 2015 (Act No. 1 of 2015) (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 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 municipality'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 municipality and its entities' 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 2016 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 losses/impairments

8. As disclosed in note 10 to the consolidated financial statements, material losses of R690,7 million were incurred as a result of a write-off of irrecoverable receivables.
9. As disclosed in note 10 to the consolidated financial statements, receivables have significantly been impaired, mainly as a result of amounts due to the City by indigent consumers. The impairment allowance amounts to R4,7 billion, of which R3,2 billion relates to service debtors.
10. As disclosed in note 11 to the consolidated financial statements, other receivables have also significantly been impaired, mainly as a result of outstanding traffic fines. The impairment allowance amounts to R2,0 billion.
11. As disclosed in note 46.1.2.3 to the consolidated financial statements, electricity losses to the amount of R370,6 million (11,4%) were incurred as a result of normal system operations, theft and vandalism.

### Material underspending of the budget

12. As disclosed in the statement of comparison of budget and actual amounts – Municipality of Cape Town, the municipality has materially underspent the capital budget to the amount of R639,3 million (10,4%).

### Significant uncertainties

13. With reference to note 43.3 to the financial statements, there is an ongoing income tax dispute between the municipal entity and SARS. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the financial statements.



## Additional matters

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

### Unaudited supplementary schedules

15. The supplementary information set out in pages 69 to 82 does not form part of the consolidated 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

16. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. 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

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report, compliance with legislation and 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

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic focus and key performance areas presented in the annual performance report of the municipality and its municipal entity for the year ended 30 June 2016:

### Municipality

- Strategic Focus Area 1: The Opportunity City: on pages 30 to 79
- Strategic Focus Area 3: The Caring City: on pages 89 to 107

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

- Key performance area 1: Events, on page 55
  - Key performance area 3: Customer centricity and service excellence, on page 55
  - Key performance area 5: Budget, on page 55
  - Key performance area 6: Governance, on page 55
19. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned strategic focus areas. 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.

- 20 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 21 I did not identify material findings on the usefulness and reliability of the reported performance information for the selected strategic focus and key performance areas.

### **Municipality**

- Strategic Focus Area 1: The Opportunity City
- Strategic Focus Area 3: The Caring City

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

- Key performance area 1: Events
- Key performance area 3: Customer centricity and service excellence
- Key performance area 5: Budget
- Key performance area 6: Governance

### **Additional matter**

- 22 Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic focus and key performance areas, I draw attention to the following matter:

#### Achievement of planned targets

23. Refer to the annual performance report on pages 30 to 79 and 89 to 107 of the municipality and page 55 of the municipal entity for information on the achievement of planned targets for the year.

### **Compliance with legislation**

24. I performed procedures to obtain evidence that the municipality 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**

25. 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 report**

26. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## Investigations

27. One hundred and sixty eight (2014-15: 129) open cases relevant to the City of Cape Town appeared in the forensics, ethics and integrity department register of the City of Cape Town at the end of the financial year under review. The movement in the cases is as follows:
- 152 new cases relating to alleged fraud, corruption, or other criminal activity, maladministration and negligence were investigated by the forensics, ethics and integrity department during the year under review
  - 270 cases were concluded during the year, of which 40 related to the current year and 230 to prior years.

*Auditor-General*

Cape Town

13 December 2016



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**Executive Mayor**  
Alderman De Lille, P



**Executive Deputy Mayor**  
Alderman Neilson, ID

**Speaker**  
Alderman Smit, JD

**Chief Whip**  
Alderman Serritslev, AM

**Members of the Mayoral Committee**

- Alderman Neilson, ID Finance
- Alderman Limberg, XT Corporate Services
- Alderman Smith, J Safety and Security
- Alderman Walker, B Community Services and Special Projects
- Councillor Bloor, GM Tourism, Events and Economic Development
- Councillor Herron, BN Transport for Cape Town
- Councillor Little, SA Social Development and Early Childhood Development
- Councillor Mamkeli, S City Health
- Councillor Sonnenberg, EJ Utility Services
- Councillor Van der Merwe, J Energy, Environmental and Spatial Planning
- Councillor Van Minnen, B Human Settlements

**Members of the Audit Committee**

- Harris, G Chairperson
- Fisher, S Member (contract ended 31/10/2015)
- Gunther, J Member (contract ended 31/10/2015)
- Naidu, S Member
- Rhoda, A Member (appointed 01/11/2015)
- Roos, M Member
- Singh, D Member (appointed 01/11/2015)

**Auditors**

The Auditor-General of South Africa  
No 17 Park Lane Building  
Park Lane  
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, AN	Fourie, A	Limberg, XT	Nikelo, M
Abrahams, A	Fourie, GD	Little, SA	Nkunzana, FM
Abrahams, FL	Francke, P	Mabandla, M	Nonkeyizana, S
Abrahams, MM	Gabriel, PJ	Maci, L	Notana, E
Adams, A	Gabuza, A	Madikane, BC	Nqulwana, M
Adams, Y	Green, AM	Majingo, BM	Ntotoviyane, C
Akim, WJ	Griesel, AJ	Makanda, MN	Ntsodo, A
Amira, D	Grose, NE	Makasi, N	Nyakatya, NC
Andrews, EP	Gwangxu, X	Makeleni, LC	Oliver, MJ
Arendse, MT	Gympies, SC	Malong, BC	Pakela-Mapasa, XB
Arendse, P	Hadebe, B	Mamba, KC	Peter, XG
Arendse, R	Hansen, B	Mamkeli, S	Petersen, MJ
Arendse, SWP	Hassiem, W	Mangali, T	Philander, S
August, SN	Haywood, M	March, GW	Pienaar, S
Badela, DE	Hebe, LA	Marman, PI	Pietersen, MP
Basson, JA	Hendricks, MGE	Martlow, J	Pretorius, IJ
Bazier, R	Herron, BN	Matanzima, V	Pringle, SB
Beneke, R	Heynes, PC	Matha, MS	Pupa, T
Bew, CB	Honono, TT	Maxheke, JJ	Purchase, F
Bloor, GM	Hoon, RM	Maxiti, P	Qoba, ZL
Brady, WE	Hoosain, J	Mbele, LM	Qually, DL
Bredenhand, JC	Isaacs, LI	Mbonde, ME	Rass, B
Brenner, HI	Isaacs, VR	McBride, LVP	Rau, R
Britz, MT	Iversen, I	McCarthy, J	Raymond, FHL
Brunette, EN	Jacobs, BM	Mfusi, VN	Rossouw, SJ
Bryant, DW	Jacobs, J	Middleton, JH	Sakathi, T
Brynard, CA	Jaffer, L	Mkutswana, MA	Scheepers, CJ
Carstens, H	Jaftha, WD	Mngxunyeneni, PM	Serritslev, AM
Cavanagh, GV	Janse van Rensburg, C	Mofoko, NM	Sikhakhane, N
Cerfontein, C	Jansen, E	Moolman, GA	Siljeur, GR
Chapple, PH	Jefferies, IK	Morkel, KH	Simons, RS
Christians, DJ	Jordaan, C	Moses, AC	Slabbert, JD
Claasen, CPV	Jordaan, LD	Moshani, NA	Smit, JD
Clayton, CC	Justus, CR	Mphila, D	Smith, J
Cottee, DG	Kannenbergh, ACK	Mpondwana, M	Sonnenberg, EJ
Crous, AC	Kempthorne, ML	Msindwana, ME	Sono, NP
D'Alton, DJ	Khatshwa, DM	Mxolose, WS	Sopaqa, MM
Davids, MM	Kleinschmidt, MRH	Mzalisi, MN	Sotashe, X
De Lille, P	Kleinsmith, ME	Ndamase, T	Southgate, KG
Diamond, SP	Komeni, AL	Ndongeni, AX	Taylor, MJ
Dube, AJ	Kopman, NF	Ndzulwana, N	Thomas, CR
Dudley, DK	Krynauw, J	Neilson, ID	Thomas, GHJ
Dyantyi, VD	Landingwe, NJ	Ngqame, YA	Thompson, TB
East, PA	Lategan, KH	Ngqose, NS	Thuynsma, J
Ehrenreich, AJ	Leputhing, CN	Ngqu, PM	Timm, G
Else, D	Le Roux, B	Nguzo, M	Toko, MS
Esau, CJ	Liell-Cock, SP	Nieuwoudt, MJ	Twigg, GG

**Council members of the City of Cape Town** (continued)  
**Councillor/Alderman**

Uys, TA	Van der Walt, ML	Visser, J	Williams, A
Van Dalen, B	Van Minnen, BM	Vokwana, PP	Yalezo, S
Van der Merwe, B	Van Reenen, B	Vuba, ST	Yozi, SK
Van der Merwe, CG	Van Wyk, CHS	Walker, B	Zondani, LG
Van der Merwe, JFH	Velem, M	Watkyns, BRW	
Van der Rheede, A	Venter, JD	Weavers, M	
Van der Ross, PE	Viljoen, R	Weber, JD	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Alexander, B	06/10/2015	Anstey, E	13/04/2016
Mack, C	09/10/2015	Nqavashe, M	15/04/2016
Mbandezi, S	27/10/2015	O'Connell, R	15/05/2016
Heuvel, J	14/12/2015	Gabier, A	31/05/2016
Makelini, K	28/02/2016	Haskins, G	01/06/2016
		Bent, N	28/06/2016

	Note	Economic entity		Municipality of Cape Town	
		2016 R'000	Restated <sup>1</sup> 2015 R'000	2016 R'000	Restated <sup>1</sup> 2015 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	37 520 330	33 716 758	36 892 544	33 443 104
Heritage assets	3	9 049	9 062	9 049	9 062
Investment property	4	588 191	589 382	588 191	589 382
Intangible assets	5	629 162	708 383	629 162	708 383
Investments	7	3 540 486	3 394 961	3 966 188	3 753 617
Long-term receivables	8	51 695	75 324	51 695	75 324
Deferred taxation	39	3 153	4	-	-
<b>Current assets</b>					
Inventory	9	258 533	282 082	257 273	280 316
Receivables	10	5 105 255	4 617 194	5 106 634	4 618 497
Receivables from exchange transactions		3 247 000	3 032 457	3 247 000	3 032 457
Receivables from non-exchange transactions		1 858 255	1 584 737	1 859 634	1 586 040
Other receivables	11	876 510	817 116	858 306	815 094
Other receivables from exchange transactions		233 597	215 503	215 393	213 481
Other receivables from non-exchange transactions		642 913	601 613	642 913	601 613
Investments	7	2 155 177	1 746 347	2 155 177	1 746 347
Current portion of long-term receivables	8	17 093	19 838	17 093	19 838
Cash and cash equivalents	12	3 803 924	3 792 735	3 332 469	3 199 148
<b>TOTAL ASSETS</b>		<b>54 558 558</b>	<b>49 769 186</b>	<b>53 863 781</b>	<b>49 258 112</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	13	6 048 731	6 428 804	6 036 906	6 415 499
Provisions	15	6 116 353	5 624 708	6 116 353	5 624 708
<b>Current liabilities</b>					
Deposits	16	371 253	308 687	324 633	272 258
Provisions	17	1 072 815	1 130 646	1 069 277	1 127 282
Payables from exchange transactions	18	5 813 983	5 328 443	5 720 744	5 297 880
Unspent conditional grants and receipts	19	1 199 955	1 527 445	1 199 955	1 527 445
Value-added tax	20	74 771	85 807	74 771	85 807
Taxation		1 865	1 059	-	-
Current portion of borrowings	13	471 327	346 953	469 936	345 682
<b>TOTAL LIABILITIES</b>		<b>21 171 053</b>	<b>20 782 552</b>	<b>21 012 575</b>	<b>20 696 561</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>					
Housing development fund	21	340 096	396 385	340 096	396 385
Reserves	22	2 664 339	2 393 879	2 664 339	2 393 879
Accumulated surplus		30 024 363	25 897 704	29 846 771	25 771 287
Non-controlling interest	23	358 707	298 666	-	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>54 558 558</b>	<b>49 769 186</b>	<b>53 863 781</b>	<b>49 258 112</b>

<sup>1</sup> Comparative restated: see note 44 for more details.

## Statement of financial performance for the year ended 30 June 2016

	Note	Economic entity		Municipality of Cape Town	
		2016	Restated <sup>1</sup>	2016	Restated <sup>1</sup>
		R'000	2015 R'000	R'000	2015 R'000
<b>REVENUE</b>					
<b>Exchange revenue</b>		<b>19 449 291</b>	<b>17 146 943</b>	<b>19 053 721</b>	<b>16 785 807</b>
Service charges	24	17 552 069	15 374 112	17 363 596	15 197 370
Rental of letting stock and facilities	25	350 954	369 121	350 954	369 121
Finance income	26	830 188	705 265	792 666	672 838
Licences and permits		41 494	43 110	41 494	43 110
Agency services		183 259	168 519	183 259	168 519
Other income	27	364 781	398 948	195 251	247 040
Gains on disposal of property, plant and equipment		126 546	87 868	126 501	87 809
<b>Non-exchange revenue</b>		<b>15 771 290</b>	<b>14 810 215</b>	<b>15 927 195</b>	<b>14 949 231</b>
Finance income	26	71 571	68 747	71 571	68 747
City improvement districts (CIDs)	27	-	-	150 645	134 172
Property rates	28	6 739 787	6 013 891	6 745 047	6 018 735
Fuel levy		2 060 211	2 002 938	2 060 211	2 002 938
Fines		1 087 339	988 017	1 087 339	988 017
Government grants and subsidies	29	5 721 468	5 674 639	5 721 468	5 674 639
Public contributions	30	90 914	61 983	90 914	61 983
<b>Total revenue</b>		<b>35 220 581</b>	<b>31 957 158</b>	<b>34 980 916</b>	<b>31 735 038</b>
<b>EXPENDITURE</b>					
Employee-related costs	31	9 415 890	8 177 924	9 357 740	8 124 734
Remuneration of councillors	32	135 094	128 767	134 637	128 411
Impairment costs	33	1 907 719	1 540 214	1 907 301	1 540 200
Collection costs		187 398	172 518	187 398	172 518
Depreciation and amortisation expenses	34	2 139 276	1 925 535	2 108 510	1 900 718
Finance costs	35	748 479	776 228	747 256	774 895
Bulk purchases	36	8 073 336	7 108 843	8 073 336	7 108 843
Contracted services		3 838 766	3 644 353	3 718 716	3 536 355
Grants and subsidies paid	37	148 246	136 504	148 246	136 487
General expenses	38	4 247 277	3 891 643	4 300 003	3 929 167
Losses on disposal of property, plant and equipment		8 303	3 235	8 118	3 096
<b>Total expenditure</b>		<b>30 849 784</b>	<b>27 505 764</b>	<b>30 691 261</b>	<b>27 355 424</b>
<b>Surplus from operations</b>		<b>4 370 797</b>	<b>4 451 394</b>	<b>4 289 655</b>	<b>4 379 614</b>
Taxation	39	(19 926)	(18 576)	-	-
<b>Surplus for the year</b>		<b>4 350 871</b>	<b>4 432 818</b>	<b>4 289 655</b>	<b>4 379 614</b>
Attributable to owners of the controlling entity		<b>4 336 953</b>	<b>4 418 971</b>		
Attributable to non-controlling interest	23	13 918	13 847		
<b>SURPLUS FOR THE YEAR</b>		<b>4 350 871</b>	<b>4 432 818</b>		

<sup>1</sup> Comparative restated: see note 44 for more details.



AUDITOR-GENERAL  
SOUTH AFRICA

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CITY OF CAPE TOWN  
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STAD KAAPSTAD

## Economic entity

	Housing development fund R'000	Capital replacement reserve R'000	Insurance reserves R'000	Accumulated surplus R'000	Non- controlling interest R'000	Total R'000
2014						
Balance as at 30 June 2014	468 419	1 187 993	563 504	21 998 203	234 947	24 453 066
Correction of error	-	-	-	68 034	-	68 034
<b>Restated balance as at 30 June 2014 <sup>1</sup></b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>22 066 237</b>	<b>234 947</b>	<b>24 521 100</b>
2015						
Restated surplus <sup>1</sup>	-	-	-	4 418 971	13 847	4 432 818
Surplus as previously reported	-	-	-	4 379 128	-	-
Correction of error	-	-	-	39 843	-	-
Share purchases by non-controlling interest holders	-	-	-	-	32 716	32 716
Transfer (from)/to for share purchases	-	-	-	(17 156)	17 156	-
Transfer (from)/to	(3 503)	1 122 870	(34 744)	(1 084 623)	-	-
Property, plant and equipment purchased	(68 531)	(445 744)	-	514 275	-	-
<b>Restated balance as at 30 June 2015 <sup>1</sup></b>	<b>396 385</b>	<b>1 865 119</b>	<b>528 760</b>	<b>25 897 704</b>	<b>298 666</b>	<b>28 986 634</b>
2016						
Surplus for the year	-	-	-	4 336 953	13 918	4 350 871
Share purchases by non-controlling interest holders	-	-	-	-	50 000	50 000
Transfer (from)/to for share purchases	-	-	-	3 877	(3 877)	-
Transfer (from)/to	(36 612)	938 590	16 397	(918 375)	-	-
Property, plant and equipment purchased	(19 677)	(684 527)	-	704 204	-	-
<b>Balance as at 30 June 2016</b>	<b>340 096</b>	<b>2 119 182</b>	<b>545 157</b>	<b>30 024 363</b>	<b>358 707</b>	<b>33 387 505</b>

<sup>1</sup> Comparative restated: see note 44 for more details.

## Municipality of Cape Town

	Housing development fund R'000	Capital replacement reserve R'000	Insurance reserves R'000	Accumulated surplus R'000	Total R'000
2014					
Balance as at 30 June 2014	468 419	1 187 993	563 504	21 893 987	24 113 903
Correction of error	-	-	-	68 034	68 034
<b>Restated balance as at 30 June 2014 <sup>1</sup></b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>21 962 021</b>	<b>24 181 937</b>
2015					
Restated surplus <sup>1</sup>	-	-	-	4 379 614	4 379 614
Surplus as previously reported	-	-	-	4 339 771	-
Correction of error	-	-	-	39 843	-
Transfer (from)/to	(3 503)	1 122 870	(34 744)	(1 084 623)	-
Property, plant and equipment purchased	(68 531)	(445 744)	-	514 275	-
<b>Restated balance as at 30 June 2015 <sup>1</sup></b>	<b>396 385</b>	<b>1 865 119</b>	<b>528 760</b>	<b>25 771 287</b>	<b>28 561 551</b>
2016					
Surplus for the year	-	-	-	4 289 655	4 289 655
Transfer (from)/to	(36 612)	938 590	16 397	(918 375)	-
Property, plant and equipment purchased	(19 677)	(684 527)	-	704 204	-
<b>Balance as at 30 June 2016</b>	<b>340 096</b>	<b>2 119 182</b>	<b>545 157</b>	<b>29 846 771</b>	<b>32 851 206</b>



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CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD



	Note	Economic entity		Municipality of Cape Town	
		2016 R'000	Restated <sup>1</sup> 2015 R'000	2016 R'000	Restated <sup>1</sup> 2015 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		31 377 198	28 971 583	31 191 624	28 773 498
Cash paid to suppliers and employees		(25 087 140)	(22 870 312)	(25 024 565)	(22 745 650)
Cash generated from operations	40	6 290 058	6 101 271	6 167 059	6 027 848
Finance income		878 939	767 725	841 417	735 298
Finance costs		(688 486)	(710 788)	(687 263)	(709 455)
Taxation		(22 269)	(19 753)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6 458 242</b>	<b>6 138 455</b>	<b>6 321 213</b>	<b>6 053 691</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment and other		(5 874 989)	(5 338 941)	(5 489 832)	(5 251 742)
Adjustment to property, plant and equipment		-	51 249	-	51 249
Proceeds on disposal of assets		130 308	91 620	130 189	91 419
Decrease in long-term receivables		26 374	28 800	26 374	28 800
(Increase)/decrease in investments		(554 355)	536 871	(621 401)	366 983
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 272 662)</b>	<b>(4 630 401)</b>	<b>(5 954 670)</b>	<b>(4 713 291)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		-	201	-	-
Repayment of borrowings		(286 957)	(311 172)	(285 597)	(309 852)
Share purchases by minority interest holders		50 000	32 716	-	-
Increase/(decrease) in deposits		62 566	(89 838)	52 375	(97 959)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(174 391)</b>	<b>(368 093)</b>	<b>(233 222)</b>	<b>(407 811)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	41	<b>11 189</b>	<b>1 139 961</b>	<b>133 321</b>	<b>932 589</b>
Cash and cash equivalents at the beginning of the year		3 792 735	2 652 774	3 199 148	2 266 559
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>3 803 924</b>	<b>3 792 735</b>	<b>3 332 469</b>	<b>3 199 148</b>

<sup>1</sup> Comparative restated: See note 44 for more details.

	Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>								
Total non-current assets	45.2.1	43 204 659	42 612 315	42 342 066	-	42 342 066	270 249	0,63
Total current assets	i	10 019 671	9 449 670	12 216 492	-	12 216 492	(2 766 822)	(29,28)
<b>Total assets</b>		<b>53 224 330</b>	<b>52 061 985</b>	<b>54 558 558</b>	-	<b>54 558 558</b>	<b>(2 496 573)</b>	<b>(4,80)</b>
Total non-current liabilities		14 394 044	12 010 095	12 165 084	-	12 165 084	(154 989)	(1,29)
Total current liabilities		8 883 547	8 424 076	9 005 969	-	9 005 969	(581 893)	(6,91)
<b>Total liabilities</b>		<b>23 277 591</b>	<b>20 434 171</b>	<b>21 171 053</b>	-	<b>21 171 053</b>	<b>(736 882)</b>	<b>(3,61)</b>
Total net assets		29 946 739	31 627 814	33 387 505	-	33 387 505	(1 759 691)	(5,56)
<b>Total net assets and liabilities</b>		<b>53 224 330</b>	<b>52 061 985</b>	<b>54 558 558</b>	-	<b>54 558 558</b>	<b>(2 496 573)</b>	<b>(4,80)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>								
Property rates	45.2.2	6 546 155	6 578 912	6 739 787	-	6 739 787	(160 875)	(2,45)
Service charges		17 002 759	16 997 225	17 552 069	-	17 552 069	(554 844)	(3,26)
Investment revenue	i	294 255	607 878	901 759	(221 609)	680 150	(72 272)	(11,89)
Transfers recognised - operational		3 579 752	4 106 009	3 589 931	29 326	3 619 257	486 752	11,85
Other own revenue	ii	4 466 938	4 399 531	4 214 584	221 608	4 436 192	(36 661)	(0,83)
<b>Total revenue (excluding capital transfers and contributions)</b>		<b>31 889 859</b>	<b>32 689 555</b>	<b>32 998 130</b>	<b>29 325</b>	<b>33 027 455</b>	<b>(337 900)</b>	<b>(1,03)</b>
Employee costs		9 921 896	9 999 235	9 415 892	-	9 415 892	583 343	5,83
Remuneration of councillors		140 184	140 184	135 094	-	135 094	5 090	3,63
Depreciation and asset impairment		2 121 805	2 159 101	2 139 276	8 826	2 148 102	10 999	0,51
Finance charges		971 149	762 554	748 479	4 358	752 837	9 717	1,27
Materials and bulk purchases		8 326 560	8 378 697	8 073 336	300 405	8 373 741	4 956	0,06
Transfers and grants	iii	120 402	311 809	148 246	-	148 246	163 563	52,46
Other expenditure	iv	10 690 016	11 063 344	10 189 461	(313 589)	9 875 872	1 187 472	10,73
<b>Total expenditure</b>		<b>32 292 012</b>	<b>32 814 924</b>	<b>30 849 784</b>	-	<b>30 849 784</b>	<b>1 965 140</b>	<b>5,99</b>
<b>Surplus/(deficit)</b>	v	<b>(402 153)</b>	<b>(125 369)</b>	<b>2 148 346</b>	<b>29 325</b>	<b>2 177 671</b>	<b>(2 303 040)</b>	<b>12,88</b>
Transfers recognised - capital		2 223 813	2 446 794	2 131 537	-	2 131 537	315 257	10,40
Contributions recognised - capital and contributed assets	vi	53 761	68 734	90 914	(29 325)	61 589	7 145	(82,87)
<b>Surplus/(deficit) after capital transfers and contributions</b>		<b>1 875 421</b>	<b>2 390 159</b>	<b>4 370 797</b>	-	<b>4 370 797</b>	<b>(1 980 638)</b>	<b>(45,63)</b>



	Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification <sup>1</sup> R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>CASH FLOW STATEMENT</b>								
	45.2.3	4 229 327	4 463 772	6 458 242	-	6 458 242	(1 994 470)	(44,68)
	i	(6 547 167)	(6 535 494)	(6 272 662)	-	(6 272 662)	(262 832)	4,02
	ii	1 710 002	(220 163)	(174 391)	-	(174 391)	(45 772)	20,79
		<b>(607 838)</b>	<b>(2 291 885)</b>	<b>11 189</b>	<b>-</b>	<b>11 189</b>	<b>(2 303 074)</b>	<b>100,49</b>
<b>CAPITAL EXPENDITURE</b>								
	45.3.1	15 673	21 288	17 122	-	17 122	4 166	19,57
	i	14 954	19 274	18 925	-	18 925	349	1,81
		425 013	463 779	448 054	-	448 054	15 725	3,39
	ii	1 60 331	221 715	193 009	-	193 009	28 706	12,95
		80 064	64 169	62 977	-	62 977	1 192	1,86
		141 379	40 186	39 080	-	39 080	1 106	2,75
		105 163	149 957	149 895	-	149 895	62	0,04
		11 971	15 760	15 660	-	15 660	100	0,63
		41 098	41 403	40 824	-	40 824	579	1,40
	iii	1 399 805	1 651 077	1 424 448	-	1 424 448	226 629	13,73
	iv	420 835	430 993	336 606	-	336 606	94 387	21,90
	v	297 856	270 245	252 601	-	252 601	17 644	6,53
	vi	1 512 625	1 545 493	1 399 778	-	1 399 778	145 715	9,43
	vii	1 417 218	1 193 755	1 090 855	-	1 090 855	102 900	8,62
		504 107	389 574	385 157	-	385 157	4 417	1,13
		<b>6 548 092</b>	<b>6 518 668</b>	<b>5 874 991</b>	<b>-</b>	<b>5 874 991</b>	<b>643 677</b>	<b>9,87</b>

<sup>1</sup> The format and classification schemes adopted for presentation of the approved budget for the 2015/16 financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the phasing in of the Municipal Standard Chart of Accounts (mSCOA) classification in the budget, in preparation for the mSCOA effective date of 1 July 2017. A reconciliation has been provided to explain these differences in classification between the final budget and the statement of financial performance.

<sup>2</sup> There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.

<sup>3</sup> The actual capital expenditure amount does not include the contributed assets amount of R64,21 million. See annexure B.

	Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>								
	45.2.1							
Total non-current assets		42 929 513	42 456 974	42 136 829	-	42 136 829	320 145	0,75
Total current assets		9 183 356	8 714 796	11 726 952	-	11 726 952	(3012 156)	(34,56)
<b>Total assets</b>		<b>52 112 869</b>	<b>51 171 770</b>	<b>53 863 781</b>	-	<b>53 863 781</b>	<b>(2 692 011)</b>	<b>(5,26)</b>
Total non-current liabilities		14 391 843	12 010 095	12 153 259	-	12 153 259	(143 164)	(1,19)
Total current liabilities		8 829 527	8 341 577	8 859 316	-	8 859 316	(517 739)	(6,21)
<b>Total liabilities</b>		<b>23 221 370</b>	<b>20 351 672</b>	<b>21 012 575</b>	-	<b>21 012 575</b>	<b>(660 903)</b>	<b>(3,25)</b>
Total net assets		28 891 499	30 820 098	32 851 206	-	32 851 206	(2 031 108)	(6,59)
<b>Total net assets and liabilities</b>		<b>52 112 869</b>	<b>51 171 770</b>	<b>53 863 781</b>	-	<b>53 863 781</b>	<b>(2 692 011)</b>	<b>(5,26)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>								
	45.2.2							
Property rates		6 546 155	6 578 912	6 745 047	-	6 745 047	(166 135)	(2,53)
Service charges		17 002 759	16 997 225	17 363 596	-	17 363 596	(366 371)	(2,16)
Investment revenue		271 687	580 766	864 237	(221 609)	642 628	(61 862)	(10,65)
Transfers recognised - operational		3 579 752	4 106 009	3 589 931	29 326	3 619 257	486 752	11,85
Other own revenue		4 269 728	4 200 321	4 195 654	221 608	4 417 262	(216 941)	(5,16)
<b>Total revenue (excluding capital transfers and contributions)</b>		<b>31 670 081</b>	<b>32 463 233</b>	<b>32 758 465</b>	<b>29 325</b>	<b>32 787 790</b>	<b>(324 557)</b>	<b>(1,00)</b>
Employee costs		9 847 508	9 922 787	9 357 740	-	9 357 740	565 047	5,69
Remuneration of councillors		139 311	139 311	134 637	-	134 637	4 674	3,36
Depreciation and asset impairment		2 089 827	2 127 123	2 108 510	8 826	2 117 336	9 787	0,46
Finance charges		971 133	762 538	747 256	4 358	751 614	10 924	1,43
Materials and bulk purchases		8 326 560	8 378 697	8 073 336	300 405	8 373 741	4 956	0,06
Transfers and grants		120 402	311 809	148 246	-	148 246	163 563	52,46
Other expenditure		10 595 504	10 970 070	10 121 536	(313 589)	9 807 947	1 162 123	10,59
<b>Total expenditure</b>		<b>32 090 245</b>	<b>32 612 335</b>	<b>30 691 261</b>	-	<b>30 691 261</b>	<b>1 921 074</b>	<b>5,89</b>
<b>Surplus/(deficit)</b>		<b>(420 164)</b>	<b>(149 102)</b>	<b>2 067 204</b>	<b>29 325</b>	<b>2 096 529</b>	<b>(2 245 631)</b>	<b>12,88</b>
Transfers recognised - capital		2 223 813	2 446 794	2 131 537	-	2 131 537	315 257	10,40
Contributions recognised - capital and contributed assets		53 761	68 734	90 914	(29 325)	61 589	7 145	10,40
<b>Surplus/(deficit) after capital transfers and contributions</b>		<b>1 857 410</b>	<b>2 366 426</b>	<b>4 289 655</b>	-	<b>4 289 655</b>	<b>(1 923 229)</b>	<b>(81,27)</b>



	Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification <sup>1</sup> R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>CASH FLOW STATEMENT</b>								
Net cash from (used) operating	45.2.3	4 184 203	4 406 629	6 321 213	-	6 321 213	(1 914 584)	(42,45)
Net cash from (used) investing		(6 046 623)	(6 149 483)	(5 954 670)	-	(5 954 670)	(194 813)	3,17
Net cash from (used) financing		1 671 793	(258 372)	(233 222)	-	(233 222)	(25 150)	9,73
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(190 627)</b>	<b>(2 001 226)</b>	<b>133 321</b>	<b>-</b>	<b>133 321</b>	<b>(2 134 547)</b>	<b>106,66</b>
<b>CAPITAL EXPENDITURE</b>								
City Health	45.3.1	15 673	21 288	17 122	-	17 122	4 166	19,57
City Manager		14 954	19 274	18 925	-	18 925	349	1,81
Corporate Services and Compliance <sup>2</sup>		425 013	463 779	448 054	-	448 054	15 725	3,39
Community Services		160 331	221 715	193 009	-	193 009	28 706	12,95
Energy, Environmental and Spatial Planning		80 064	64 169	62 977	-	62 977	1 192	1,86
Finance		141 379	40 186	39 080	-	39 080	1 106	2,75
Safety and Security		105 163	149 957	149 895	-	149 895	62	0,04
Social Development and Early Childhood Development		11 971	15 760	15 660	-	15 660	100	0,63
Tourism, Events and Economic Development		41 098	41 403	40 824	-	40 824	579	1,40
Transport for Cape Town		1 399 805	1 651 077	1 424 448	-	1 424 448	226 629	13,73
Human Settlements		420 835	430 993	336 606	-	336 606	94 387	21,90
Solid Waste Management		297 856	270 245	252 601	-	252 601	17 644	6,53
Water and Sanitation		1 512 625	1 545 493	1 399 778	-	1 399 778	145 715	9,43
Cape Town Electricity		1 417 218	1 193 755	1 090 855	-	1 090 855	102 900	8,62
<b>Total<sup>3</sup></b>		<b>6 043 985</b>	<b>6 129 094</b>	<b>5 489 834</b>	<b>-</b>	<b>5 489 834</b>	<b>639 260</b>	<b>10,43</b>

<sup>1</sup> The format and classification schemes adopted for presentation of the approved budget for the 2015/16 financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the phasing in of the Municipal Standard Chart of Accounts (mSCOA) classification in the budget, in preparation for the mSCOA effective date of 1 July 2017. A reconciliation has been provided to explain these differences in classification between the final budget and the statement of financial performance.

<sup>2</sup> There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.

<sup>3</sup> The actual capital expenditure amount does not include the contributed assets amount of R64.21 million. See annexure B.



## ACCOUNTING POLICIES

### GENERAL INFORMATION

The address of the economic entity's registered office and principal place of business is disclosed under 'General information', while the Entity's principal activities are described under 'Reporting entity's mandate' on page 1 of these consolidated annual 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 44, 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 outlines 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. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes that no further credit provisions are required in excess of the present allowance for doubtful debts.

- **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 15 and 43 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 when there is a variance of:

- 10% in the statement of financial position, statement of financial performance and the cash flow statement; and
- 5% in capital expenditure.

All material differences are explained in note 45 to the consolidated 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 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 2016, the following approved standards of GRAP for which no effective dates have been determined yet:

- GRAP 18 - Segment reporting
- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset

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 Entity 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 intergroup investments eliminated on consolidation.

### HOUSING FUNDS

The housing development fund was established in terms of the Housing 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)(iii)(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 sections 14(4)(d)(i) and (iii) 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 property, plant and equipment from internal sources, cash 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 reserves**

- **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 the claims history and replacement value of the insured assets.

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

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

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

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

The certificate of exemption issued by the Commissioner and 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	4-15
Water	15-30	Office equipment	2-10
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
<b>Housing</b>	30	Specialised vehicles	10-20
		Library books	1
<b>Community</b>		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-6
Security	5-10	Plant and equipment	2-12
		Service concession	10-30

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.

**INVESTMENT PROPERTIES**

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

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

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

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

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.

**HERITAGE ASSETS**

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

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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

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

**INTANGIBLE ASSETS**

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

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

The 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 of 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 the 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 Company SOC Limited (RF) (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.

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, or where management has decided that interest must be capitalised. 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 the assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

**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 triennially 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, but 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 fund contributions on a monthly basis, 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 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 15 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 in 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 Government and the Western Cape Provincial Government ('Province'), 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.

**Revenue from exchange transactions**

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

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, or where management has determined, 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**

Non-exchange transactions are transactions where the Entity receives revenue from another entity without giving approximately equal value in exchange.

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 56 of 2003, and is recognised when recovered 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 CTICC 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.

**Non-derivative 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.



**Non-derivative 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.

**Derivative financial instruments**

The Entity holds derivative financial instruments to hedge against its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes are generally recognised in profit or loss.

**PAYABLES**

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

**RECEIVABLES**

Receivables are recognised initially at fair value plus transaction costs, 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 56 of 2003.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

**IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the MFMA 56 of 2003, the Municipal Systems Act 32 of 2000, and the Remuneration of Public Office Bearers 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 for 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 exchange rate 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 budget covers the fiscal period from 1 July 2015 to 30 June 2016. 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 consolidated annual financial statements.

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.

Comparative information is not required for the statement of comparison of budget and actual amounts.

**OFFSETTING**

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

**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 has included in note 27 the nature and type of major classes of services in kind.

**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 the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

**1. 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 aforesaid risks, its policies and processes for measuring and managing risk, as well as its management of capital. Further quantitative disclosures are provided 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 so as to identify and mitigate 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 its role and responsibilities with regard to risk management, all documentation and reports of Risk Management Committee meetings are supplied to the Audit Committee and the Speaker on a quarterly basis.

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

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Fair value R'000
<b>Financial assets</b>				
<b>2016</b>				
Investments	2 042 944	3 652 719	5 695 663	5 697 793
Long-term receivables	68 788	-	68 788	68 788
Receivables	5 105 255	-	5 105 255	5 105 255
Other receivables	843 074	-	843 074	843 074
Cash and cash equivalents	2 975 682	828 242	3 803 924	3 803 924
	<b>11 035 743</b>	<b>4 480 961</b>	<b>15 516 704</b>	<b>15 518 834</b>
<b>2015</b>				
Investments	1 863 861	3 277 447	5 141 308	5 138 276
Long-term receivables	95 162	-	95 162	95 162
Receivables	4 617 194	-	4 617 194	4 617 194
Other receivables	759 830	-	759 830	759 830
Cash and cash equivalents	2 578 701	1 214 034	3 792 735	3 792 735
	<b>9 914 748</b>	<b>4 491 481</b>	<b>14 406 229</b>	<b>14 403 197</b>

The 'Other receivables' 2015 comparative amount of R759,83 million has been restated from R651,95 million (see note 44).

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
<b>2016</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 520 058	6 520 058	6 832 113
Payables	4 578 535	4 578 535	4 578 535
	<b>11 098 593</b>	<b>11 098 593</b>	<b>11 410 648</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts	152	152	152
<b>2015</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 775 757	6 775 757	7 127 878
Payables	4 183 175	4 183 175	4 183 175
	<b>10 958 932</b>	<b>10 958 932</b>	<b>11 311 053</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts	-	-	-



**1. FINANCIAL RISK MANAGEMENT** (continued)**1.1 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>2016</b>				
<b>Financial assets</b>				
Investments	2 179 591	1 473 128	-	3 652 719
Cash and cash equivalents	-	828 242	-	828 242
	<b>2 179 591</b>	<b>2 301 370</b>	-	<b>4 480 961</b>
<b>Derivative financial liabilities</b>				
Forward exchange contracts	152	-	-	152
<b>2015</b>				
<b>Financial assets</b>				
Investments	2 832 164	445 283	-	3 277 447
Cash and cash equivalents	-	1 214 034	-	1 214 034
	<b>2 832 164</b>	<b>1 659 317</b>	-	<b>4 491 481</b>
<b>Derivative financial liabilities</b>				
Forward exchange contracts	-	-	-	-

**1.2 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.

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>2016</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	5 753 460	3 277 103	7 188 251	16 218 814
Capital repayments	1 174 925	3 277 103	7 188 251	11 640 279
Interest	471 429	775 559	5 273 070	6 520 058
Payables	703 496	2 501 544	1 915 181	5 120 221
Payables	4 578 535	-	-	4 578 535
Trade payables	3 700 856	-	-	3 700 856
Sundry creditors	877 679	-	-	877 679
<b>Derivative financial liabilities</b>	<b>152</b>	-	-	<b>152</b>
Forward exchange contracts	152	-	-	152
	<b>5 753 612</b>	<b>3 277 103</b>	<b>7 188 251</b>	<b>16 218 966</b>





**1. FINANCIAL RISK MANAGEMENT** (continued)**1.3 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, 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	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Investments	5 695 663	5 141 308	5 695 599	5 141 198
Long-term receivables – see note 8	68 788	95 162	68 788	95 162
Receivables and other receivables – see note 10 and 11	5 948 329	5 377 024	5 932 436	5 269 588
Cash and cash equivalents – see note 12	3 803 924	3 792 735	3 332 469	3 199 148
<b>TOTAL</b>	<b>15 516 704</b>	<b>14 406 229</b>	<b>15 029 292</b>	<b>13 705 096</b>

The 'Receivables and other receivables' 2015 comparative amount of R5,38 billion has been restated from R5,27 billion (see note 44).

**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 were granted and are managed in accordance with policies and regulations as set out in note 8. 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. No further loans have been awarded.

**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 1,23% (2015: 1,00%) 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 10 and 11.

The payment of accounts of consumer debtors who are unable to pay is renegotiated as an ongoing customer relationship strategy in response to adverse changes in customers' circumstances. Traffic fines can be contested in writing and can lead to a renegotiated fine.

**1.4 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.

**1.5 Price risk**

The Entity is exposed to equity-securities price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.



**1. FINANCIAL RISK MANAGEMENT** (continued)**1.6 Market risk**

Market risk is the risk of changes in market prices such as interest rates (see note 1.6.1) and foreign-exchange rates (see note 1.6.2) 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.

**1.6.1 Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2016 were as follows:

	Maturity of interest-bearing assets/liabilities				Total R'000
	Weighted average interest rate %	1 year or less R'000	1-5 years R'000	>5 years R'000	
<b>Financial assets</b>					
Investments	7,48	2 983 483	1 588 408	1 952 014	6 523 905
Cash and cash equivalents	7,06	2 975 682	-	-	2 975 682
<b>Total financial assets</b>		<b>5 959 165</b>	<b>1 588 408</b>	<b>1 952 014</b>	<b>9 499 587</b>
<b>Financial liabilities</b>					
Borrowings	9,91	471 429	775 559	5 273 070	6 520 058
<b>Total financial liabilities</b>		<b>471 429</b>	<b>775 559</b>	<b>5 273 070</b>	<b>6 520 058</b>

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

As at 30 June 2016, if the weighted average 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 R94,54 million, with the opposite effect if the interest rate had been 100 basis points lower.

**Financial liabilities**

Changes in the interest rate as at 30 June 2016 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

**1.6.2 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.

**Currency risk sensitivity analysis**

As at 30 June 2016, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased by R242 235,83 due to the changes in the carrying value of the monetary liability at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

## 2. PROPERTY, PLANT AND EQUIPMENT

	Economic entity						Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>As at 30 June 2016</b>							
Land and buildings	2 203 159	50 809	94 651	(75)	(53 970)	(5 178)	2 289 396
Infrastructure	19 003 078	(228 369)	3 703 860	-	(888 049)	-	21 590 520
Community	6 308 880	76 897	284 394	-	(330 661)	-	6 339 510
Other	3 270 801	(185 399)	1 716 294	(8 922)	(559 299)	-	4 233 475
Service concession	1 193 978	492	-	(112)	(117 250)	(3 647)	1 073 461
Housing rental stock	1 736 862	225 753	114 305	(2 951)	(80 001)	-	1 993 968
<b>TOTAL</b>	<b>33 716 758</b>	<b>(59 817)</b>	<b>5 913 504</b>	<b>(12 060)</b>	<b>(2 029 230)</b>	<b>(8 825)</b>	<b>37 520 330</b>

(See annexure B for more details.)

<b>As at 30 June 2015</b>							
Land and buildings	2 130 964	70 176	62 112	(46)	(50 116)	(9 931)	2 203 159
Infrastructure	16 829 950	(170 918)	3 139 878	-	(795 832)	-	19 003 078
Community	6 279 252	56 825	285 534	-	(312 440)	(291)	6 308 880
Other	3 258 718	(461 056)	993 351	(5 690)	(508 328)	(6 194)	3 270 801
Service concession	878 412	150 892	257 956	-	(93 282)	-	1 193 978
Housing rental stock	1 373 115	273 347	162 955	(1 242)	(71 313)	-	1 736 862
<b>TOTAL</b>	<b>30 750 411</b>	<b>(80 734)</b>	<b>4 901 786</b>	<b>(6 978)</b>	<b>(1 831 311)</b>	<b>(16 416)</b>	<b>33 716 758</b>

**Assets under construction**

	2016 R'000	2015 R'000
Infrastructure	2 772 766	2 398 210
Community	64 318	112 611
Other	1 265 222	621 719

	Municipality of Cape Town						Carrying value R'000
	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>As at 30 June 2016</b>							
Land and buildings	2 067 847	50 810	79 493	(75)	(38 714)	(5 178)	2 154 183
Infrastructure	19 003 078	(228 369)	3 703 860	-	(888 049)	-	21 590 520
Community	6 308 880	21 114	228 507	-	(330 661)	-	6 227 840
Other	3 132 459	(129 617)	1 402 182	(8 663)	(543 789)	-	3 852 572
Service concession	1 193 978	492	-	(112)	(117 250)	(3 647)	1 073 461
Housing rental stock	1 736 862	225 753	114 305	(2 951)	(80 001)	-	1 993 968
<b>TOTAL</b>	<b>33 443 104</b>	<b>(59 817)</b>	<b>5 528 347</b>	<b>(11 801)</b>	<b>(1 998 464)</b>	<b>(8 825)</b>	<b>36 892 544</b>

<b>As at 30 June 2015</b>							
Land and buildings	1 997 599	70 176	46 023	-	(36 020)	(9 931)	2 067 847
Infrastructure	16 829 950	(170 918)	3 139 878	-	(795 832)	-	19 003 078
Community	6 279 252	56 825	285 534	-	(312 440)	(291)	6 308 880
Other	3 180 530	(461 058)	922 241	(5 453)	(497 607)	(6 194)	3 132 459
Service concession	878 412	150 892	257 956	-	(93 282)	-	1 193 978
Housing rental stock	1 373 115	273 347	162 955	(1 242)	(71 313)	-	1 736 862
<b>TOTAL</b>	<b>30 538 858</b>	<b>(80 736)</b>	<b>4 814 587</b>	<b>(6 695)</b>	<b>(1 806 494)</b>	<b>(16 416)</b>	<b>33 443 104</b>

**Assets under construction**

	2016 R'000	2015 R'000
Infrastructure	2 772 766	2 398 210
Community	64 318	112 611
Other	803 072	512 787

**2. PROPERTY, PLANT AND EQUIPMENT** (continued)

Provision has been made for the estimated cost of rehabilitating waste landfill sites, included in other assets, as described in note 15.2.

The Entity is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the financial year under review, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 44.3).

Fully depreciated assets at an original cost of R539,79 million (2015: R655,34 million) are still in use.

The recoverable amount of impaired assets is R0,15 million (2015: R7,12 million). Impairment losses arise mainly from land purchased that is earmarked for low-cost housing, where the cost of land will not be recovered. 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 City of Cape Town entered into long-term agreements with three operators to run a high-quality bus-based urban transit or integrated rapid transit (IRT) system known as MyCiti. In terms of these agreements, the City has made available to the operators buses (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.

**Impairment consideration for cash-generating assets – CTICC**

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:

	2016 R'000	2015 R'000
<b>Cash-generating units</b>		
Escalators	1 767	2 061
Elevators	1 679	2 234
Cold rooms	757	953
Air-conditioning system	10 717	12 022
Auditorium seating	148	204
Building	104 146	100 902
Kitchen and catering	5 023	4 695
<b>TOTAL</b>	<b>124 237</b>	<b>123 071</b>

- The main purpose of establishing the Convention 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 Convention 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 Convention 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 Convention 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% (2015: 13,7%) was used, which was calculated using the risk-free rate of the R186 bond of 8,8%, adjusted by 5,1% 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 R133 million was determined. The current carrying value of R124 million was established for the building at date of calculation. This has resulted in a nil reversal of impairment.

**3. HERITAGE ASSETS**

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
<b>As at 30 June 2016</b>					
Paintings and museum items	9 062	(8)	-	(5)	9 049
<b>TOTAL</b>	<b>9 062</b>	<b>(8)</b>	<b>-</b>	<b>(5)</b>	<b>9 049</b>
(See annexure B for more details.)					
<b>As at 30 June 2015</b>					
Paintings and museum items	9 111	(38)	-	(11)	9 062
<b>TOTAL</b>	<b>9 111</b>	<b>(38)</b>	<b>-</b>	<b>(11)</b>	<b>9 062</b>



## 3. HERITAGE ASSETS (continued)

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
<b>As at 30 June 2016</b>					
Paintings and museum items	9 062	(8)	-	(5)	9 049
<b>TOTAL</b>	<b>9 062</b>	<b>(8)</b>	<b>-</b>	<b>(5)</b>	<b>9 049</b>
<b>As at 30 June 2015</b>					
Paintings and museum items	9 111	(38)	-	(11)	9 062
<b>TOTAL</b>	<b>9 111</b>	<b>(38)</b>	<b>-</b>	<b>(11)</b>	<b>9 062</b>

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

## 4. INVESTMENT PROPERTY

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
<b>As at 30 June 2016</b>					
Land and buildings	589 382	-	1 044	(2 235)	588 191

(See annexure B for more details.)

<b>As at 30 June 2015</b>					
Land and buildings	190 849	(1)	400 175	(1 641)	589 382

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
<b>As at 30 June 2016</b>					
Land and buildings	589 382	-	1 044	(2 235)	588 191
<b>As at 30 June 2015</b>					
Land and buildings	190 849	(1)	400 175	(1 641)	589 382

## 5. INTANGIBLE ASSETS

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
<b>As at 30 June 2016</b>					
Acquisition of rights	552 185	(55 887)	-	(65 544)	430 754
Computer software	156 198	59 825	24 652	(42 267)	198 408
<b>TOTAL</b>	<b>708 383</b>	<b>3 938</b>	<b>24 652</b>	<b>(107 811)</b>	<b>629 162</b>

(See annexure B for more details.)

<b>As at 30 June 2015</b>					
Acquisition of rights	611 090	-	-	(58 905)	552 185
Computer software	118 417	29 526	41 933	(33 678)	156 198
<b>TOTAL</b>	<b>729 507</b>	<b>29 526</b>	<b>41 933</b>	<b>(92 583)</b>	<b>708 383</b>

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
<b>As at 30 June 2016</b>					
Acquisition of rights	552 185	(55 887)	-	(65 544)	430 754
Computer software	156 198	59 825	24 652	(42 267)	198 408
<b>TOTAL</b>	<b>708 383</b>	<b>3 938</b>	<b>24 652</b>	<b>(107 811)</b>	<b>629 162</b>

<b>As at 30 June 2015</b>					
Acquisition of rights	611 090	-	-	(58 905)	552 185
Computer software	118 417	29 526	41 933	(33 678)	156 198
<b>TOTAL</b>	<b>729 507</b>	<b>29 526</b>	<b>41 933</b>	<b>(92 583)</b>	<b>708 383</b>

**6. CAPITAL COMMITMENTS**

Approved and contracted-for capital expenditure

Infrastructure

Community

Other

**TOTAL**

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000
3 054 751	1 863 298	3 054 751	1 863 298
35 754	33 564	35 754	33 564
673 383	1 418 620	300 984	696 472
<b>3 763 888</b>	<b>3 315 482</b>	<b>3 391 489</b>	<b>2 593 334</b>

Capital commitments represent future capital expenditure. The City has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF). The R3,76 billion (2015: R3,31 billion) are exclusive of VAT.

**7. INVESTMENTS****As at 30 June 2016**

RSA Government stock

Sinking-fund deposits – see note 13

Other financial instruments

Other fixed deposits

Deposits held with fund managers

Provision for impairment

**Net investments**

Transferred to current investments

Transferred to cash and cash equivalents – see note 12

**TOTAL**

Economic entity			
Amortised cost	Fair value	Cost	Total
R'000	R'000	R'000	R'000
75 384	-	-	75 384
1 968 583	-	-	1 968 583
-	64	-	64
2 824 345	-	-	2 824 345
-	4 480 897	-	4 480 897
4 868 312	4 480 961	-	9 349 273
(5 319)	-	-	(5 319)
4 862 993	4 480 961	-	9 343 954
(106 420)	(2 048 757)	-	(2 155 177)
(2 820 049)	(828 242)	-	(3 648 291)
<b>1 936 524</b>	<b>1 603 962</b>	<b>-</b>	<b>3 540 486</b>

**As at 30 June 2015**

RSA Government stock

Sinking-fund deposits – see note 13

Other financial instruments

Other fixed deposits

Deposits held with fund managers

Provision for impairment

**Net investments**

Transferred to current investments

Transferred to cash and cash equivalents – see note 12

**TOTAL**

76 655	-	-	76 655
1 788 233	-	-	1 788 233
-	110	-	110
2 391 321	-	-	2 391 321
-	4 491 371	-	4 491 371
4 256 209	4 491 481	-	8 747 690
(5 319)	-	-	(5 319)
4 250 890	4 491 481	-	8 742 371
-	(1 746 347)	-	(1 746 347)
(2 387 029)	(1 214 034)	-	(3 601 063)
<b>1 863 861</b>	<b>1 531 100</b>	<b>-</b>	<b>3 394 961</b>

**As at 30 June 2016**

RSA Government stock

Sinking-fund deposits – see note 13

Other fixed deposits

Deposits held with fund managers

Shares in CTICC

Provision for impairment

**Net investments**

Transferred to current investments

Transferred to cash and cash equivalents – see note 12

**TOTAL**

Municipality of Cape Town			
Amortised cost	Fair value	Cost	Total
R'000	R'000	R'000	R'000
75 384	-	-	75 384
1 968 583	-	-	1 968 583
2 415 521	-	-	2 415 521
-	4 480 897	-	4 480 897
-	-	670 998	670 998
4 459 488	4 480 897	670 998	9 611 383
(5 319)	-	(245 232)	(250 551)
4 454 169	4 480 897	425 766	9 360 832
(106 420)	(2 048 757)	-	(2 155 177)
(2 411 225)	(828 242)	-	(3 239 467)
<b>1 936 524</b>	<b>1 603 898</b>	<b>425 766</b>	<b>3 966 188</b>



## 7. INVESTMENTS (continued)

	Municipality of Cape Town			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2015</b>				
RSA Government stock	76 655	-	-	76 655
Sinking-fund deposits – see note 13	1 788 233	-	-	1 788 233
Other fixed deposits	1 846 459	-	-	1 846 459
Deposits held with fund managers	-	4 491 371	-	4 491 371
Shares in CTICC	-	-	603 998	603 998
	3 711 347	4 491 371	603 998	8 806 716
Provision for impairment	(5 319)	-	(245 232)	(250 551)
<b>Net investments</b>	3 706 028	4 491 371	358 766	8 556 165
Transferred to current investments	-	(1 746 347)	-	(1 746 347)
Transferred to cash and cash equivalents – see note 12	(1 842 167)	(1 214 034)	-	(3 056 201)
<b>TOTAL</b>	<b>1 863 861</b>	<b>1 530 990</b>	<b>358 766</b>	<b>3 753 617</b>

**Collateral deposits for staff housing loans**

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2015: R0,04 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 insurance 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 130 of 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

## 8. LONG-TERM RECEIVABLES

	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Sporting bodies	609	758	609	758
Housing land sales	710	789	710	789
	2 355	3 100	2 355	3 100
Public organisations	5 023	5 531	5 023	5 531
Provision for impairment	(2 668)	(2 431)	(2 668)	(2 431)
	65 114	90 515	65 114	90 515
Housing selling developments	82 621	108 375	82 621	108 375
Provision for impairment	(17 507)	(17 860)	(17 507)	(17 860)
	68 788	95 162	68 788	95 162
Transferred to current receivables	(17 093)	(19 838)	(17 093)	(19 838)
<b>TOTAL</b>	<b>51 695</b>	<b>75 324</b>	<b>51 695</b>	<b>75 324</b>
<b>Reconciliation of impairment provision</b>				
Balance at beginning of the year	20 291	15 684	20 291	15 684
Contributions to/(from) provisions	(116)	4 607	(116)	4 607
<b>Balance as at 30 June</b>	<b>20 175</b>	<b>20 291</b>	<b>20 175</b>	<b>20 291</b>

## 8.1 Sporting bodies

To facilitate the development of sporting facilities, loans were historically granted to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 19% per annum, and are repayable over a maximum period of 20-40 years.

## 8.2 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.

**8. LONG-TERM RECEIVABLES** (continued)**8.3 Public organisations**

Loans to public organisations were 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 Salvation Army and the Alta du Toit School.

**8.4 Housing selling development loans**

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 9,75% (2015: 9,25%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

**9. INVENTORY**

Consumable stock  
Spare parts and meters  
Water  
Other goods held for use/resale  
**TOTAL**

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000
202 451	219 820	201 191	218 054
21 528	29 643	21 528	29 643
17 264	20 168	17 264	20 168
17 290	12 451	17 290	12 451
<b>258 533</b>	<b>282 082</b>	<b>257 273</b>	<b>280 316</b>

Inventory to the value of R0,56 million (2015: R1,17 million) was scrapped during the year.

**10. RECEIVABLES**

	Economic entity					
	As at 30 June 2016			As at 30 June 2015		
	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>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>	<b>6 659 768</b>	<b>(3 627 311)</b>	<b>3 032 457</b>
Service debtors	6 263 870	(3 203 425)	3 060 445	5 708 766	(2 888 362)	2 820 404
Housing rental stock	658 361	(597 988)	60 373	615 069	(550 292)	64 777
Housing selling stock	189 320	(159 903)	29 417	183 524	(144 147)	39 377
Other exchange debtors	151 709	(54 944)	96 765	152 409	(44 510)	107 899
<b>From non-exchange transactions</b>	<b>2 545 936</b>	<b>(687 681)</b>	<b>1 858 255</b>	<b>2 294 054</b>	<b>(709 317)</b>	<b>1 584 737</b>
Rates debtors	2 506 283	(682 254)	1 824 029	2 262 188	(703 586)	1 558 602
Other non-exchange debtors	39 653	(5 427)	34 226	31 866	(5 731)	26 135
<b>TOTAL</b>	<b>9 809 196</b>	<b>(4 703 941)</b>	<b>5 105 255</b>	<b>8 953 822</b>	<b>(4 336 628)</b>	<b>4 617 194</b>

As at 30 June 2016, the receivables net balance included an amount of approximately R227,31 million (2015: R130,73 million) owed by National Government and Province.

**Reconciliation of impairment provision**

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

	2016 R'000	2015 R'000
	4 336 628	4 230 967
	1 062 848	802 097
	(4 823)	(4 584)
	(690 712)	(691 852)
<b>Balance as at 30 June</b>	<b>4 703 941</b>	<b>4 336 628</b>

The impairment allowance mainly represents the outstanding amounts due to the City by indigent consumers. This accumulative total was fully provided for in the annual budgets. The write off of irrecoverable debt will be processed upon the installation of credit meters.



## 10. RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days					
	As at 30 June 2016			As at 30 June 2015		
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>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>	<b>6 659 768</b>	<b>(3 627 311)</b>	<b>3 032 457</b>
<b>Service debtors</b>	<b>6 263 870</b>	<b>(3 203 425)</b>	<b>3 060 445</b>	<b>5 708 766</b>	<b>(2 888 362)</b>	<b>2 820 404</b>
<b>Electricity</b>	1 522 554	(228 842)	1 293 712	1 388 686	(194 865)	1 193 821
Not due	945 595	(16 453)	929 142	841 519	(9 341)	832 178
Past due						
1-90	232 535	(4 046)	228 489	224 588	(2 493)	222 095
91-365	138 491	(2 410)	136 081	141 114	(1 566)	139 548
365+	205 933	(205 933)	-	181 465	(181 465)	-
<b>Water</b>	2 944 277	(1 883 538)	1 060 739	2 654 722	(1 698 479)	956 243
Not due	377 151	(81 012)	296 139	322 145	(39 012)	283 133
Past due						
1-90	390 447	(83 868)	306 579	293 787	(35 578)	258 209
91-365	583 317	(125 296)	458 021	472 068	(57 167)	414 901
365+	1 593 362	(1 593 362)	-	1 566 722	(1 566 722)	-
<b>Waste management</b>	509 293	(302 520)	206 773	457 590	(266 015)	191 575
Not due	46 951	(3 953)	42 998	45 577	(1 832)	43 745
Past due						
1-90	67 666	(5 698)	61 968	59 690	(2 400)	57 290
91-365	111 167	(9 360)	101 807	94 332	(3 792)	90 540
365+	283 509	(283 509)	-	257 991	(257 991)	-
<b>Wastewater management</b>	1 287 746	(788 525)	499 221	1 207 768	(729 003)	478 765
Not due	165 859	(22 640)	143 219	154 217	(13 787)	140 430
Past due						
1-90	160 377	(21 892)	138 485	145 245	(12 985)	132 260
91-365	251 901	(34 384)	217 517	226 307	(20 232)	206 075
365+	709 609	(709 609)	-	681 999	(681 999)	-
<b>Housing rental stock</b>	<b>658 361</b>	<b>(597 988)</b>	<b>60 373</b>	<b>615 069</b>	<b>(550 292)</b>	<b>64 777</b>
Not due	39 142	(25 372)	13 770	40 760	(25 577)	15 183
Past due						
1-90	50 135	(32 497)	17 638	39 987	(25 091)	14 896
91-365	82 334	(53 369)	28 965	93 150	(58 452)	34 698
365+	486 750	(486 750)	-	441 172	(441 172)	-
<b>Housing selling stock</b>	<b>189 320</b>	<b>(159 903)</b>	<b>29 417</b>	<b>183 524</b>	<b>(144 147)</b>	<b>39 377</b>
Not due	12 181	(2 556)	9 625	13 818	(2 282)	11 536
Past due						
1-90	11 142	(2 308)	8 834	12 340	(2 043)	10 297
91-365	13 878	(2 920)	10 958	21 010	(3 466)	17 544
365+	152 119	(152 119)	-	136 356	(136 356)	-
<b>Other exchange debtors</b>	<b>151 709</b>	<b>(54 944)</b>	<b>96 765</b>	<b>152 409</b>	<b>(44 510)</b>	<b>107 899</b>
Not due	75 489	(1 744)	73 745	77 210	-	77 210
Past due						
1-90	11 550	(267)	11 283	15 596	-	15 596
91-365	12 015	(278)	11 737	15 093	-	15 093
365+	52 655	(52 655)	-	44 510	(44 510)	-



## 10. RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days - continued					
	As at 30 June 2016			As at 30 June 2015		
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 NON-EXCHANGE TRANSACTIONS</b>	<b>2 545 936</b>	<b>(687 681)</b>	<b>1 858 255</b>	<b>2 294 054</b>	<b>(709 317)</b>	<b>1 584 737</b>
<b>Rates debtors</b>	<b>2 506 283</b>	<b>(682 254)</b>	<b>1 824 029</b>	<b>2 262 188</b>	<b>(703 586)</b>	<b>1 558 602</b>
Not due	1 638 399	(77 100)	1 561 299	1 374 657	(72 925)	1 301 732
Past due						
1-90	60 800	(2 834)	57 966	66 040	(3 500)	62 540
91-365	214 772	(10 008)	204 764	205 206	(10 876)	194 330
365+	592 312	(592 312)	-	616 285	(616 285)	-
<b>Other non-exchange debtors</b>	<b>39 653</b>	<b>(5 427)</b>	<b>34 226</b>	<b>31 866</b>	<b>(5 731)</b>	<b>26 135</b>
Not due	21 398	-	21 398	16 776	-	16 776
Past due						
1-90	7 425	-	7 425	6 635	-	6 635
91-365	5 403	-	5 403	2 724	-	2 724
365+	5 427	(5 427)	-	5 731	(5 731)	-
<b>TOTAL</b>	<b>9 809 196</b>	<b>(4 703 941)</b>	<b>5 105 255</b>	<b>8 953 822</b>	<b>(4 336 628)</b>	<b>4 617 194</b>

The 'Not due' amounts include debtors to the value of R743,08 million (2015: R800,44 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 2016			As at 30 June 2015		
	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>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>	<b>6 659 768</b>	<b>(3 627 311)</b>	<b>3 032 457</b>
Service debtors	6 263 870	(3 203 425)	3 060 445	5 708 766	(2 888 362)	2 820 404
Housing rental stock	658 361	(597 988)	60 373	615 069	(550 292)	64 777
Housing selling stock	189 320	(159 903)	29 417	183 524	(144 147)	39 377
Other exchange debtors	151 709	(54 944)	96 765	152 409	(44 510)	107 899
<b>From non-exchange transactions</b>	<b>2 547 315</b>	<b>(687 681)</b>	<b>1 859 634</b>	<b>2 295 357</b>	<b>(709 317)</b>	<b>1 586 040</b>
Rates debtors	2 507 662	(682 254)	1 825 408	2 263 491	(703 586)	1 559 905
Other non-exchange debtors	39 653	(5 427)	34 226	31 866	(5 731)	26 135
<b>TOTAL</b>	<b>9 810 575</b>	<b>(4 703 941)</b>	<b>5 106 634</b>	<b>8 955 125</b>	<b>(4 336 628)</b>	<b>4 618 497</b>

## Reconciliation of impairment provision

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

	2016 R'000	2015 R'000
	4 336 628	4 230 967
	1 062 848	802 097
	(4 823)	(4 584)
	(690 712)	(691 852)
<b>Balance as at 30 June</b>	<b>4 703 941</b>	<b>4 336 628</b>



## 10. RECEIVABLES (continued)

Municipality of Cape Town						
Analysis of receivables' age in days						
As at 30 June 2016			As at 30 June 2015			
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>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>	<b>6 659 768</b>	<b>(3 627 311)</b>	<b>3 032 457</b>
<b>Service debtors</b>	<b>6 263 870</b>	<b>(3 203 425)</b>	<b>3 060 445</b>	<b>5 708 766</b>	<b>(2 888 362)</b>	<b>2 820 404</b>
<b>Electricity</b>	1 522 554	(228 842)	1 293 712	1 388 686	(194 865)	1 193 821
Not due	945 595	(16 453)	929 142	841 519	(9 341)	832 178
Past due						
1-90	232 535	(4 046)	228 489	224 588	(2 493)	222 095
91-365	138 491	(2 410)	136 081	141 114	(1 566)	139 548
365+	205 933	(205 933)	-	181 465	(181 465)	-
<b>Water</b>	2 944 277	(1 883 538)	1 060 739	2 654 722	(1 698 479)	956 243
Not due	377 151	(81 012)	296 139	322 145	(39 012)	283 133
Past due						
1-90	390 447	(83 868)	306 579	293 787	(35 578)	258 209
91-365	583 317	(125 296)	458 021	472 068	(57 167)	414 901
365+	1 593 362	(1 593 362)	-	1 566 722	(1 566 722)	-
<b>Waste management</b>	509 293	(302 520)	206 773	457 590	(266 015)	191 575
Not due	46 951	(3 953)	42 998	45 577	(1 832)	43 745
Past due						
1-90	67 666	(5 698)	61 968	59 690	(2 400)	57 290
91-365	111 167	(9 360)	101 807	94 332	(3 792)	90 540
365+	283 509	(283 509)	-	257 991	(257 991)	-
<b>Wastewater management</b>	1 287 746	(788 525)	499 221	1 207 768	(729 003)	478 765
Not due	165 859	(22 640)	143 219	154 217	(13 787)	140 430
Past due						
1-90	160 377	(21 892)	138 485	145 245	(12 985)	132 260
91-365	251 901	(34 384)	217 517	226 307	(20 232)	206 075
365+	709 609	(709 609)	-	681 999	(681 999)	-
<b>Housing rental stock</b>	<b>658 361</b>	<b>(597 988)</b>	<b>60 373</b>	<b>615 069</b>	<b>(550 292)</b>	<b>64 777</b>
Not due	39 142	(25 372)	13 770	40 760	(25 577)	15 183
Past due						
1-90	50 135	(32 497)	17 638	39 987	(25 091)	14 896
91-365	82 334	(53 369)	28 965	93 150	(58 452)	34 698
365+	486 750	(486 750)	-	441 172	(441 172)	-



## 10. RECEIVABLES (continued)

Municipality of Cape Town						
Analysis of receivables' age in days - continued						
As at 30 June 2016			As at 30 June 2015			
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>Housing selling stock</b>	<b>189 320</b>	<b>(159 903)</b>	<b>29 417</b>	<b>183 524</b>	<b>(144 147)</b>	<b>39 377</b>
Not due	12 181	(2 556)	9 625	13 818	(2 282)	11 536
Past due						
1-90	11 142	(2 308)	8 834	12 340	(2 043)	10 297
91-365	13 878	(2 920)	10 958	21 010	(3 466)	17 544
365+	152 119	(152 119)	-	136 356	(136 356)	-
<b>Other exchange debtors</b>	<b>151 709</b>	<b>(54 944)</b>	<b>96 765</b>	<b>152 409</b>	<b>(44 510)</b>	<b>107 899</b>
Not due	75 489	(1 744)	73 745	77 210	-	77 210
Past due						
1-90	11 550	(267)	11 283	15 596	-	15 596
91-365	12 015	(278)	11 737	15 093	-	15 093
365+	52 655	(52 655)	-	44 510	(44 510)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 547 315</b>	<b>(687 681)</b>	<b>1 859 634</b>	<b>2 295 357</b>	<b>(709 317)</b>	<b>1 586 040</b>
<b>Rates debtors</b>	<b>2 507 662</b>	<b>(682 254)</b>	<b>1 825 408</b>	<b>2 263 491</b>	<b>(703 586)</b>	<b>1 559 905</b>
Not due	1 639 778	(77 100)	1 562 678	1 375 960	(72 925)	1 303 035
Past due						
1-90	60 800	(2 834)	57 966	66 040	(3 500)	62 540
91-365	214 772	(10 008)	204 764	205 206	(10 876)	194 330
365+	592 312	(592 312)	-	616 285	(616 285)	-
<b>Other non-exchange debtors</b>	<b>39 653</b>	<b>(5 427)</b>	<b>34 226</b>	<b>31 866</b>	<b>(5 731)</b>	<b>26 135</b>
Not due	21 398	-	21 398	16 776	-	16 776
Past due						
1-90	7 425	-	7 425	6 635	-	6 635
91-365	5 403	-	5 403	2 724	-	2 724
365+	5 427	(5 427)	-	5 731	(5 731)	-
<b>TOTAL</b>	<b>9 810 575</b>	<b>(4 703 941)</b>	<b>5 106 634</b>	<b>8 955 125</b>	<b>(4 336 628)</b>	<b>4 618 497</b>





## 11. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2016			As at 30 June 2015		
	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>289 656</b>	<b>(56 059)</b>	<b>233 597</b>	<b>281 477</b>	<b>(65 974)</b>	<b>215 503</b>
Payments made in advance	33 436	-	33 436	57 286	-	57 286
Property rentals	58 234	(35 164)	23 070	80 773	(48 102)	32 671
Other exchange debtors	197 986	(20 895)	177 091	143 418	(17 872)	125 546
<b>From non-exchange transactions</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>	<b>1 826 808</b>	<b>(1 225 195)</b>	<b>601 613</b>
Government subsidies	37 251	-	37 251	164 141	-	164 141
Traffic fines	2 288 756	(1 903 358)	385 398	1 539 573	(1 225 195)	314 378
Other non-exchange debtors	220 264	-	220 264	123 094	-	123 094
<b>TOTAL</b>	<b>2 835 927</b>	<b>(1 959 417)</b>	<b>876 510</b>	<b>2 108 285</b>	<b>(1 291 169)</b>	<b>817 116</b>

The 2015 comparative net balance of 'Other non-exchange debtors' amount of R123,09 million has been restated from R15,22 million (see note 44).

	2016 R'000	2015 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	1 291 169	895 359
Contributions to provisions	757 626	626 883
Transfer from provisions	(14)	(218 870)
Bad debts written off	(89 364)	(12 203)
<b>Balance as at 30 June</b>	<b>1 959 417</b>	<b>1 291 169</b>

The impairment allowance consists mainly of outstanding traffic fines due to the City. The accumulative total is fully provided for in the annual budgets. The recovery of traffic fines is a protracted process due to administrative and court procedures.

## 11. OTHER RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days					
	As at 30 June 2016			As at 30 June 2015		
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>289 656</b>	<b>(56 059)</b>	<b>233 597</b>	<b>281 477</b>	<b>(65 974)</b>	<b>215 503</b>
<b>Payment made in advance</b>	<b>33 436</b>	<b>-</b>	<b>33 436</b>	<b>57 286</b>	<b>-</b>	<b>57 286</b>
Not due	33 436	-	33 436	57 286	-	57 286
<b>Property rentals</b>	<b>58 234</b>	<b>(35 164)</b>	<b>23 070</b>	<b>80 773</b>	<b>(48 102)</b>	<b>32 671</b>
Not due	8 565	-	8 565	7 705	(1 047)	6 658
Past due						
1-90	10 788	-	10 788	30 722	(4 175)	26 547
91-365	3 717	-	3 717	(618)	84	(534)
365+	35 164	(35 164)	-	42 964	(42 964)	-
<b>Other exchange debtors</b>	<b>197 986</b>	<b>(20 895)</b>	<b>177 091</b>	<b>143 418</b>	<b>(17 872)</b>	<b>125 546</b>
Not due	131 117	(375)	130 742	116 093	(109)	115 984
Past due						
1-90	42 426	(293)	42 133	9 957	(52)	9 905
91-365	4 888	(672)	4 216	(219)	(124)	(343)
365+	19 555	(19 555)	-	17 587	(17 587)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>	<b>1 826 808</b>	<b>(1 225 195)</b>	<b>601 613</b>
<b>Government subsidies</b>	<b>37 251</b>	<b>-</b>	<b>37 251</b>	<b>164 141</b>	<b>-</b>	<b>164 141</b>
Not due	37 251	-	37 251	164 141	-	164 141
<b>Traffic fines</b>	<b>2 288 756</b>	<b>(1 903 358)</b>	<b>385 398</b>	<b>1 539 573</b>	<b>(1 225 195)</b>	<b>314 378</b>
Not due	-	-	-	-	-	-
Past due						
1-90	250 675	(208 464)	42 211	208 401	(164 340)	44 061
91-365	659 654	(548 577)	111 077	593 748	(468 217)	125 531
365+	1 378 427	(1 146 317)	232 110	737 424	(592 638)	144 786
<b>Other non-exchange debtors</b>	<b>220 264</b>	<b>-</b>	<b>220 264</b>	<b>123 094</b>	<b>-</b>	<b>123 094</b>
Not due	220 264	-	220 264	123 094	-	123 094
<b>TOTAL</b>	<b>2 835 927</b>	<b>(1 959 417)</b>	<b>876 510</b>	<b>2 108 285</b>	<b>(1 291 169)</b>	<b>817 116</b>

## 11. OTHER RECEIVABLES (continued)

	Municipality of Cape Town					
	As at 30 June 2016			As at 30 June 2015		
	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>271 448</b>	<b>(56 055)</b>	<b>215 393</b>	<b>279 441</b>	<b>(65 960)</b>	<b>213 481</b>
Payments made in advance	32 504	-	32 504	56 126	-	56 126
Property rentals	58 234	(35 164)	23 070	80 773	(48 102)	32 671
Other exchange debtors	180 710	(20 891)	159 819	142 542	(17 858)	124 684
<b>From non-exchange transactions</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>	<b>1 826 808</b>	<b>(1 225 195)</b>	<b>601 613</b>
Government subsidies	37 251	-	37 251	164 141	-	164 141
Traffic fines	2 288 756	(1 903 358)	385 398	1 539 573	(1 225 195)	314 378
Other non-exchange debtors	220 264	-	220 264	123 094	-	123 094
<b>TOTAL</b>	<b>2 817 719</b>	<b>(1 959 413)</b>	<b>858 306</b>	<b>2 106 249</b>	<b>(1 291 155)</b>	<b>815 094</b>

**Reconciliation of impairment provision**

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

2016	2015
R'000	R'000
1 291 155	893 450
757 622	626 863
-	(218 706)
(89 364)	(10 452)
<b>1 959 413</b>	<b>1 291 155</b>



## 11. OTHER RECEIVABLES (continued)

Municipality of Cape Town						
Analysis of receivables' age in days						
As at 30 June 2016			As at 30 June 2015			
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>271 448</b>	<b>(56 055)</b>	<b>215 393</b>	<b>279 441</b>	<b>(65 960)</b>	<b>213 481</b>
<b>Payment made in advance</b>	<b>32 504</b>	<b>-</b>	<b>32 504</b>	<b>56 126</b>	<b>-</b>	<b>56 126</b>
Not due	32 504	-	32 504	56 126	-	56 126
<b>Property rentals</b>	<b>58 234</b>	<b>(35 164)</b>	<b>23 070</b>	<b>80 773</b>	<b>(48 102)</b>	<b>32 671</b>
Not due	8 565	-	8 565	7 705	(1 047)	6 658
Past due						
1-90	10 788	-	10 788	30 722	(4 175)	26 547
91-365	3 717	-	3 717	(618)	84	(534)
365+	35 164	(35 164)	-	42 964	(42 964)	-
<b>Other exchange debtors</b>	<b>180 710</b>	<b>(20 891)</b>	<b>159 819</b>	<b>142 542</b>	<b>(17 858)</b>	<b>124 684</b>
Not due	131 117	(375)	130 742	116 093	(109)	115 984
Past due						
1-90	25 251	(289)	24 962	9 175	(52)	9 123
91-365	4 787	(672)	4 115	(313)	(110)	(423)
365+	19 555	(19 555)	-	17 587	(17 587)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>	<b>1 826 808</b>	<b>(1 225 195)</b>	<b>601 613</b>
<b>Government subsidies</b>	<b>37 251</b>	<b>-</b>	<b>37 251</b>	<b>164 141</b>	<b>-</b>	<b>164 141</b>
Not due	37 251	-	37 251	164 141	-	164 141
<b>Traffic fines</b>	<b>2 288 756</b>	<b>(1 903 358)</b>	<b>385 398</b>	<b>1 539 573</b>	<b>(1 225 195)</b>	<b>314 378</b>
Not due	-	-	-	-	-	-
Past due						
1-90	250 675	(208 464)	42 211	208 401	(164 340)	44 061
91-365	659 654	(548 577)	111 077	593 748	(468 217)	125 531
365+	1 378 427	(1 146 317)	232 110	737 424	(592 638)	144 786
<b>Other non-exchange debtors</b>	<b>220 264</b>	<b>-</b>	<b>220 264</b>	<b>123 094</b>	<b>-</b>	<b>123 094</b>
Not due	220 264	-	220 264	123 094	-	123 094
<b>TOTAL</b>	<b>2 817 719</b>	<b>(1 959 413)</b>	<b>858 306</b>	<b>2 106 249</b>	<b>(1 291 155)</b>	<b>815 094</b>

**12. CASH AND CASH EQUIVALENTS (BANK AND CASH)**

Bank balance*	
Year-end accruals	
Interest accrual	
Bank charges accrual	
Cash on hand and in transit	
Call and short-term deposits – see note 7	
<b>Amortised cost</b>	
Call and short-term deposits	
Bank accounts managed by fund managers*	
<b>Fair value</b> – see note 7	

**TOTAL**

\*See annexure C for more details.

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000
124 500	157 106	61 936	108 447
182	(71)	182	(71)
607	367	607	367
(425)	(438)	(425)	(438)
30 951	34 637	30 884	34 571
2 820 049	2 387 029	2 411 225	1 842 167
2 975 682	2 578 701	2 504 227	1 985 114
820 366	1 206 089	820 366	1 206 089
7 876	7 945	7 876	7 945
828 242	1 214 034	828 242	1 214 034
<b>3 803 924</b>	<b>3 792 735</b>	<b>3 332 469</b>	<b>3 199 148</b>

**13. BORROWINGS**

Marketable bonds	
Concessionary loans	
Other loans	
Subtotal – see annexure A for more details	
Transferred to current liabilities	

**TOTAL**

A total of R1,97 billion (2015: R1,79 billion) has been ring-fenced for the repayment of long-term liabilities – see note 7 for more details.

4 275 489	4 275 489	4 275 489	4 275 489
1 693 550	1 820 337	1 693 550	1 820 337
551 019	679 931	537 803	665 355
6 520 058	6 775 757	6 506 842	6 761 181
(471 327)	(346 953)	(469 936)	(345 682)
<b>6 048 731</b>	<b>6 428 804</b>	<b>6 036 906</b>	<b>6 415 499</b>

MARKETABLE BONDS	4 275 489	4 275 489	4 275 489	4 275 489
<b>Marketable bonds</b>	4 275 489	4 275 489	4 275 489	4 275 489
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). Guaranteed sinking funds have been established for the 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).				
CONCESSIONARY LOANS	1 693 550	1 820 337	1 693 550	1 820 337
<b>Agence Française de Développement (AFD)</b>	1 678 888	1 802 341	1 678 888	1 802 341
An unsecured loan, 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. Nominal value as at 30 June 2016 is R1,91 billion (2015: R2,07 billion).				
<b>Nedcor Bank</b>	29	25	29	25
An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019. Nominal value as at 30 June 2016 is R50 000 (2015: R50 000).				
<b>Development Bank of Southern Africa (DBSA)</b>	14 633	17 971	14 633	17 971
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. Nominal value as at 30 June 2016 is R16 million (2015: R20 million).				



## 13. BORROWINGS (continued)

	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>OTHER LOANS</b>	<b>551 019</b>	<b>679 931</b>	<b>537 803</b>	<b>665 355</b>
<b>FirstRand Bank</b>	135 005	147 725	135 005	147 725
A structured 15-year loan to the value of R220 million, of which R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million is payable in one instalment together with fixed interest on 30 June 2017. The loan bears interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest will be made out of the guaranteed investment portfolio of two 15-year sinking-fund investment policies purchased from Momentum Group.				
As part of the loan structure, the Entity purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity has ceded and pledged the sinking-fund policies to FirstRand Bank as security for its obligations to FirstRand Bank under the policies and any other debt liability.				
<b>DBSA</b>	278 499	348 415	278 499	348 415
Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,59% 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 2018 to 31 December 2022.				
<b>ABSA Bank</b>	40 000	60 000	40 000	60 000
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>	84 299	109 215	84 299	109 215
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 is 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 its obligations to FirstRand Bank under the put-option agreement and any other debt liability.				



## 13. BORROWINGS (continued)

	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>OTHER LOANS (continued)</b>				
<b>DBSA – Claremont Road Bypass Company</b>	13 114	14 414	-	-
Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum.				
Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009.				
Secured by an agreement of cession from Claremont City Improvement District (CID) Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement.				
The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.				
<b>Voortrekker Road</b>				
Instalment sale agreement			-	-
<b>ABSA - Brackenfell Business Improvement District NPC</b>	102	162	-	-
The loan is secured by motor vehicles, bearing interest at a rate of 12,25%, repayable in monthly instalments over 36 months as agreed with ABSA Bank.				
<b>TOTAL</b> – see annexure A for more details	<b>6 520 058</b>	<b>6 775 757</b>	<b>6 506 842</b>	<b>6 761 181</b>

The rates of interest payable on the abovementioned structured loans are based on certain underlying assumptions relating to the lenders' statutory costs, and the admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretations of, the Income Tax Act 58 of 1962 or any other relevant legislation that affect the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

**SHORT-TERM DEBT FACILITIES**

The City of Cape Town had the following short-term debt facilities with the Entity's main banker:

	2016 R'000	2015 R'000
Performance guarantee	25 000	15 000
Letter of credit	10 500	500
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**

A bank-issued guarantee 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 written demand from the beneficiary.

**Letter of credit**

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.



**14. 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 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R952,54 million (2015: R874,92 million) to the DB and DC structures are expensed as incurred during the year under review.

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

**14.1 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 last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified by the actuary as being in a sound financial position. Since the previous valuation date, the fund indicates a R28 million surplus and 101,4% funding for the pensioners account and a R21,9 million surplus and 153,1% funding for the DB active members 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. The same applies to the DC schemes.

**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 2015, and had remained stable since the previous valuation date.

**14.2 Defined-contribution schemes****Cape Joint Pension Fund (multi-employer fund)**

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the actuary certified the fund as being in a sound financial position. The valuation disclosed funding of 100%.

**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 2015.

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

The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified by the actuary as being financially sound, in that the assets of the fund were sufficient to cover the accrued service liabilities, including the recommended contingency reserves, in full with a funding level of 100%.

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

The retirement and pension funds are both DC schemes. According to the actuary's certification, the assets of the fund are sufficient to cover its liabilities. As at 30 June 2015, 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 2014, at which stage the fund was certified as being in a financial sound position.

**Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund**

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

**14. RETIREMENT BENEFIT INFORMATION** (continued)**14.3 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. An actuarial valuation of the fund was performed at 30 June 2015, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	245	9 574	9 819
Pensioners	3 271	1 617	4 888
Membership as at 30 June 2015	<b>3 516</b>	<b>11 191</b>	<b>14 707</b>

	2016 R'million	2015 R'million
Past-service position – DB section	9 165	3 739
Past-service position – DC section	4 402	6 357
Total liabilities	13 567	10 096
Assets valued at market value	13 575	10 109
Actuarial surplus	-	-

	2016 %	2015 %
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

**Key financial assumptions****15. PROVISIONS (NON-CURRENT)**

	Economic entity				Total R'000
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement health-care benefits R'000	Post- retirement pension benefits R'000	
<b>As at 30 June 2016</b>					
Balance at the beginning of the year	463 389	272 485	4 866 055	22 779	5 624 708
Interest costs	46 958	28 735	458 651	2 244	536 588
Service costs	37 940	-	93 689	688	132 317
Benefit/rehabilitation payments	(56 120)	(2 675)	(193 846)	(1 084)	(253 725)
Actuarial losses/(gains)	10 196	-	40 564	(2 574)	48 186
Change in estimate	-	40 400	-	-	40 400
Transferred from current provisions (prior-year)	58 800	2 342	187 931	2 020	251 093
	561 163	341 287	5 453 044	24 073	6 379 567
Transferred to current provision	(51 078)	(4 500)	(205 497)	(2 139)	(263 214)
<b>TOTAL</b>	<b>510 085</b>	<b>336 787</b>	<b>5 247 547</b>	<b>21 934</b>	<b>6 116 353</b>

**15. PROVISIONS (NON-CURRENT)** (continued)

	Municipality of Cape Town				
	Long-service leave benefits	Environmental rehabilitation	Post-retirement health-care benefits	Post- retirement pension benefits	Total
	R'000	R'000	R'000	R'000	R'000
<b>As at 30 June 2016</b>					
Balance at the beginning of the year	463 389	272 485	4 866 055	22 779	5 624 708
Interest costs	46 958	28 735	458 651	2 244	536 588
Service costs	37 940	-	93 689	688	132 317
Benefit/rehabilitation payments	(56 120)	(2 675)	(193 846)	(1 084)	(253 725)
Actuarial losses/(gains)	10 196	-	40 564	(2 574)	48 186
Change in estimate	-	40 400	-	-	40 400
Transferred from current provisions (prior-year)	58 800	2 342	187 931	2 020	251 093
	561 163	341 287	5 453 044	24 073	6 379 567
Transferred to current provision	(51 078)	(4 500)	(205 497)	(2 139)	(263 214)
<b>TOTAL</b>	<b>510 085</b>	<b>336 787</b>	<b>5 247 547</b>	<b>21 934</b>	<b>6 116 353</b>

**15.1 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 2016 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The nominal and zero curves as at 30 June 2016 supplied by the JSE were used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period (2015: nominal and zero curves).

**Key financial assumptions**

Discount rate  
General inflation rate (consumer price index)

Salary increase

	2016	2015
	Yield curve	Yield curve
	Difference between nominal and real yield curve	Difference between nominal and real yield curve
	Equal to CPI + 1%	Equal to CPI + 1%

**15.2 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 5,70% (2015: 5,85%)
- A discount rate at the average borrowing cost of 11,01% (2015: 10,26%)
- The scheduled dates of total closure and rehabilitation are anticipated to be between 2018 and 2033.

**15.3 Post-retirement health-care and retirement-pension defined 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.

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.

**15.3.1 Health-care benefits**

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 2016 constituted 8 312 (2015: 8 976) in-service members and 6 750 (2015: 6 678) 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.



**15. PROVISIONS (NON-CURRENT)** (continued)**15.3.1 Health-care benefits** (continued)**Continuation of membership**

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity 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 Entity as at 30 June 2016 has been discounted at a rate determined on the basis of the yield curve (2015: yield curve) per annum on government bonds.

	2016	2015
<b>Key financial assumptions</b>		
Discount rate	Yield curve	Yield curve
General inflation rate	Difference between nominal and yield curves	Difference between nominal and yield curves
Health-care cost inflation rate	CPI + 1%	CPI + 1%
Net effective discount rate	Yield curve-based	Yield curve-based

<b>Sensitivity analysis</b>	<b>Change in assumption</b>	<b>Liability R'000</b>	<b>Service costs R'000</b>	<b>Interest costs R'000</b>
Assumptions used		<b>5 453 044</b>	<b>96 600</b>	<b>536 439</b>
Health-care inflation	1% decrease	4 768 171	79 805	467 587
	1% increase	6 285 775	117 736	620 190
Post-retirement mortality	20% decrease	6 020 949	107 380	593 376
	20% increase	5 004 464	87 953	491 460

**15.3.2 Retirement-pension defined 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 2016 was 22 (2015: 23) in-service employees and 89 (2015: 94) 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 2016 has been discounted at the yield curve (2015: yield curve) per-annum rate determined on the basis of the market yields on government bonds.

	2016	2015
<b>Key financial assumptions</b>		
Discount rate	Yield curve	Yield curve
General inflation rate	Difference between real and yield curve	Difference between real and yield curve
General salary inflation rate	CPI + 2%	CPI + 2%
Net effective discount rate	Curve-dependent	Curve-dependent

	<b>Economic entity</b>		<b>Municipality of Cape Town</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Electricity and water	313 996	263 128	313 996	263 128
Other deposits	57 257	45 559	10 637	9 130
<b>TOTAL</b>	<b>371 253</b>	<b>308 687</b>	<b>324 633</b>	<b>272 258</b>

**16. DEPOSITS**

Electricity and water

Other deposits

**TOTAL**

Guarantees held in lieu of electricity and water deposits were R88,81 million (2015: R33,31 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.



## 17. PROVISIONS (CURRENT)

	Economic entity				Closing balance 2016 R'000
	Opening balance 2016 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non-current R'000	
	Long-service awards	58 800	-	(58 800)	
Environmental rehabilitation	2 342	-	(2 342)	4 500	4 500
Post-retirement benefits	189 951	-	(189 951)	207 636	207 636
Insurance claims	13 858	11 265	(13 858)	-	11 265
Leave benefits	541 670	20 991	-	-	562 661
Other provisions	320 661	214 519	(303 043)	-	232 137
Performance bonuses	3 364	3 538	(3 364)	-	3 538
<b>TOTAL</b>	<b>1 130 646</b>	<b>250 313</b>	<b>(571 358)</b>	<b>263 214</b>	<b>1 072 815</b>

	Municipality of Cape Town				Closing balance 2016 R'000
	Opening balance 2016 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non-current R'000	
	Long-service awards	58 800	-	(58 800)	
Environmental rehabilitation	2 342	-	(2 342)	4 500	4 500
Post-retirement benefits	189 951	-	(189 951)	207 636	207 636
Insurance claims	13 858	11 265	(13 858)	-	11 265
Leave benefits	541 670	20 991	-	-	562 661
Other provisions	320 661	214 519	(303 043)	-	232 137
<b>TOTAL</b>	<b>1 127 282</b>	<b>246 775</b>	<b>(567 994)</b>	<b>263 214</b>	<b>1 069 277</b>

**Insurance and COID claims**

Provision has been made for outstanding insurance claims as at 30 June 2016, 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 R119,02 million for backpay in terms of the tuned assessment of skills and knowledge (TASK) project. 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.

## 18. PAYABLES FROM EXCHANGE TRANSACTIONS

	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Trade creditors	3 700 856	3 427 115	3 685 512	3 414 989
Payments received in advance	1 235 448	1 145 268	1 235 448	1 145 268
Cape Metropolitan Transport Fund (CMTF) advances	20 735	18 513	20 735	18 513
Third-party payments	364 464	335 221	364 464	335 221
Other creditors	492 480	402 326	414 585	383 889
<b>TOTAL</b>	<b>5 813 983</b>	<b>5 328 443</b>	<b>5 720 744</b>	<b>5 297 880</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.



**19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS****Conditional grants from other spheres of government**National Government  
Province**Other conditional receipts**

Public contributions

**TOTAL**

See note 29, 30 and annexure E for more details of grants from National Government and Province 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.

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000
1 119 324	1 442 652	1 119 324	1 442 652
650 929	996 069	650 929	996 069
468 395	446 583	468 395	446 583
80 631	84 793	80 631	84 793
80 631	84 793	80 631	84 793
<b>1 199 955</b>	<b>1 527 445</b>	<b>1 199 955</b>	<b>1 527 445</b>

**20. VALUE-ADDED TAX (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.

422 511	381 428	422 511	381 428
211 315	248 353	211 315	248 353
211 196	133 075	211 196	133 075
(347 740)	(295 621)	(347 740)	(295 621)
<b>74 771</b>	<b>85 807</b>	<b>74 771</b>	<b>85 807</b>

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

Balance at beginning of the year

Income

Land sales

Repayments

Long-term debtors

Public organisations

Service contributions

Recoveries from Province

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

Long-term loans realised

Housing

Public organisations

Transfer to/(from) impairment provision – selling schemes

Transfer (from)/to impairment provision – 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.

302 771	346 222	302 771	346 222
59 277	48 599	59 277	48 599
3 618	12 174	3 618	12 174
38 180	33 080	38 180	33 080
37 620	32 479	37 620	32 479
560	601	560	601
3 233	3 345	3 233	3 345
10 051	-	10 051	-
4 195	-	4 195	-
16 275	15 893	16 275	15 893
(102 423)	(101 032)	(102 423)	(101 032)
(19 677)	(68 531)	(19 677)	(68 531)
(82 746)	(32 501)	(82 746)	(32 501)
(3 272)	(6 911)	(3 272)	(6 911)
<b>272 628</b>	<b>302 771</b>	<b>272 628</b>	<b>302 771</b>
93 614	122 197	93 614	122 197
(26 261)	(23 976)	(26 261)	(23 976)
(25 753)	(23 432)	(25 753)	(23 432)
(508)	(544)	(508)	(544)
352	(5 391)	352	(5 391)
(237)	784	(237)	784
<b>67 468</b>	<b>93 614</b>	<b>67 468</b>	<b>93 614</b>
<b>340 096</b>	<b>396 385</b>	<b>340 096</b>	<b>396 385</b>

**22. RESERVES**

Capital replacement reserve

Insurance reserves

Self-insurance reserve

COVID reserve

**TOTAL**

2 119 182	1 865 119	2 119 182	1 865 119
545 157	528 760	545 157	528 760
474 870	460 436	474 870	460 436
70 287	68 324	70 287	68 324
<b>2 664 339</b>	<b>2 393 879</b>	<b>2 664 339</b>	<b>2 393 879</b>



	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>23. NON-CONTROLLING INTEREST</b>				
Balance at beginning of the year	298 666	234 947		
Share purchases by non-controlling interest holders	50 000	32 716		
Transfer for share purchases	(3 877)	17 156		
Share of net surplus attributable to non-controlling interest	13 918	13 847		
<b>TOTAL</b>	<b>358 707</b>	<b>298 666</b>		
<b>24. SERVICE CHARGES</b>				
Sale of electricity	11 187 275	9 966 593	11 198 441	9 977 027
Water and sanitation	4 518 751	3 844 978	4 519 840	3 845 942
Sale of water	2 983 770	2 523 671	2 984 859	2 524 635
Wastewater management	1 534 981	1 321 307	1 534 981	1 321 307
Solid waste management	991 556	890 741	991 556	890 741
Other	854 487	671 800	653 759	483 660
<b>TOTAL</b>	<b>17 552 069</b>	<b>15 374 112</b>	<b>17 363 596</b>	<b>15 197 370</b>
<b>25. RENTAL OF LETTING STOCK AND FACILITIES</b>				
Rental agreements	374 052	400 889	374 052	400 889
Income forgone*	(23 098)	(31 768)	(23 098)	(31 768)
<b>TOTAL</b>	<b>350 954</b>	<b>369 121</b>	<b>350 954</b>	<b>369 121</b>
<b>26. FINANCE INCOME</b>				
<b>Exchange transactions</b>	830 188	705 265	792 666	672 838
External investments	744 539	646 513	707 017	614 086
Outstanding service debtors	150 038	129 482	150 038	129 482
Transferred to external funds (conditional grants)	(64 389)	(70 730)	(64 389)	(70 730)
<b>Non-exchange transactions</b>				
Outstanding rate debtors	71 571	68 747	71 571	68 747
<b>TOTAL</b>	<b>901 759</b>	<b>774 012</b>	<b>864 237</b>	<b>741 585</b>
<b>27. OTHER INCOME</b>				
<b>Exchange transactions</b>	364 781	398 948	195 251	247 040
Bulk infrastructure levies	91 730	104 884	91 730	104 884
Other income	91 848	165 906	72 963	148 170
Gains on foreign-exchange transactions	321	46	321	46
Fair-value adjustments	30 237	(6 060)	30 237	(6 060)
City improvement districts (CIDs)	150 645	134 172	-	-
<b>Non-exchange transactions</b>				
City improvement districts	-	-	150 645	134 172
<b>TOTAL</b>	<b>364 781</b>	<b>398 948</b>	<b>345 896</b>	<b>381 212</b>

The Entity received services in kind to an estimated value of R14,16 million (2015: R10,96 million) in the form of volunteers.

The 2015 comparative amount of R10,96 million has been restated from R153,07 million. This restatement was due to the incorrect calculation of Disaster Risk Management volunteers. The correction of the disclosure amounts had no effect on the statement of financial position and the statement of financial performance.

\*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.

**28. PROPERTY RATES****Actual**Residential, commercial and other  
Income forgone\***TOTAL**

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000
7 838 728	7 108 899	7 843 988	7 113 743
(1 098 941)	(1 095 008)	(1 098 941)	(1 095 008)
<b>6 739 787</b>	<b>6 013 891</b>	<b>6 745 047</b>	<b>6 018 735</b>

**Valuations per category**Residential  
Commercial  
Agriculture  
Public service infrastructure  
Other**Total valuation at commencement of financial year**

613 539 222	604 207 780	613 539 222	604 207 780
178 265 374	171 239 675	178 265 374	171 239 675
4 670 480	4 726 578	4 670 480	4 726 578
5 611 750	5 610 885	5 611 750	5 610 885
119 200 195	117 889 494	119 200 195	117 889 494
<b>921 287 021</b>	<b>903 674 412</b>	<b>921 287 021</b>	<b>903 674 412</b>

The applicable General Valuation (GV2012) came into effect on 1 July 2013 and remained valid until 30 June 2016. It is based on market-related values. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions are processed continuously. Municipal rates are levied on a daily basis in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

The 2015 comparative amount for 'Valuations per category' of R903,67 billion has been restated from R912,16 billion due to the categories' alignment with the rates policy. The correction of the disclosure amounts had no effect on the statement of financial position and the statement of financial performance.

**29. GOVERNMENT GRANTS AND SUBSIDIES****Unconditional grants****Conditional grants**National  
Provincial  
Other**TOTAL**

2 054 664	1 667 298	2 054 664	1 667 298
3 666 804	4 007 341	3 666 804	4 007 341
2 569 132	2 818 154	2 569 132	2 818 154
1 097 332	1 188 933	1 097 332	1 188 933
340	254	340	254
<b>5 721 468</b>	<b>5 674 639</b>	<b>5 721 468</b>	<b>5 674 639</b>

**Analysis of government grants and subsidies**Operating  
Capital

3 589 931	3 251 460	3 589 931	3 251 460
2 131 537	2 423 179	2 131 537	2 423 179
<b>5 721 468</b>	<b>5 674 639</b>	<b>5 721 468</b>	<b>5 674 639</b>

The Entity does not foresee a significant decrease in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Other than the amounts unspent, the conditions of the grants have been met.

**30. PUBLIC CONTRIBUTIONS**Consumer connections  
Contributed assets  
Other**TOTAL**

52 563	39 330	52 563	39 330
100	4 953	100	4 953
38 251	17 700	38 251	17 700
<b>90 914</b>	<b>61 983</b>	<b>90 914</b>	<b>61 983</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.

\*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	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>31. EMPLOYEE-RELATED COSTS</b>				
Salaries and wages	6 245 812	5 774 525	6 194 483	5 729 979
Social contributions – Unemployment Insurance Fund (UIF), pensions and medical aid	1 656 815	1 519 644	1 650 710	1 513 972
Travel, car, accommodation, subsistence and other allowances	350 802	335 069	350 802	335 069
Housing benefits and allowances	53 086	28 439	53 086	28 439
Overtime payments	463 841	394 176	463 125	393 447
Performance bonus – net contribution	-	2 243	-	-
Contribution and benefits paid: current provisions	(9 510)	75 624	(9 510)	75 624
Contribution: post-retirement and long-service benefits	688 356	72 988	688 356	72 988
Current service costs	132 317	164 503	132 317	164 503
Interest costs	507 853	531 955	507 853	531 955
Actuarial losses/(gains)	48 186	(623 470)	48 186	(623 470)
	9 449 202	8 202 708	9 391 052	8 149 518
Expenditure recharged to capital projects	(33 312)	(24 784)	(33 312)	(24 784)
<b>TOTAL</b>	<b>9 415 890</b>	<b>8 177 924</b>	<b>9 357 740</b>	<b>8 124 734</b>
<b>32. REMUNERATION OF COUNCILLORS</b>				
Executive Mayor	1 284	1 219	1 284	1 219
Deputy Executive Mayor	936	891	936	891
Speaker	936	891	936	891
Chief Whip	859	817	859	817
Mayoral Committee members	9 226	8 762	9 226	8 762
Subcouncil chairpersons	21 172	20 201	21 172	20 201
Portfolio chairpersons	13 041	12 424	13 041	12 424
Councillors	74 823	70 735	74 823	70 735
Councillors' pension contributions	5 051	4 692	5 051	4 692
Board members (CTICC)	457	356	-	-
	127 785	120 988	127 328	120 632
Reimbursement of travel claims	7 309	7 779	7 309	7 779
<b>TOTAL</b>	<b>135 094</b>	<b>128 767</b>	<b>134 637</b>	<b>128 411</b>
<b>33. IMPAIRMENT COSTS</b>				
Impairment for receivables and other receivables	1 898 894	1 523 798	1 898 476	1 523 784
Impairment of property, plant and equipment	8 825	16 416	8 825	16 416
<b>TOTAL</b>	<b>1 907 719</b>	<b>1 540 214</b>	<b>1 907 301</b>	<b>1 540 200</b>
<b>34. DEPRECIATION AND AMORTISATION EXPENSES</b>				
Depreciation of property, plant and equipment	2 029 230	1 831 311	1 998 464	1 806 494
Depreciation of investment property	2 235	1 641	2 235	1 641
Amortisation of intangible assets	107 811	92 583	107 811	92 583
<b>TOTAL</b> – see notes 2, 4, 5 and annexure B	2 139 276	1 925 535	2 108 510	1 900 718
Grant-funded assets financed from reserves	(1 012 722)	(929 605)	(1 012 722)	(929 605)
<b>NET TOTAL</b>	<b>1 126 554</b>	<b>995 930</b>	<b>1 095 788</b>	<b>971 113</b>
<b>35. FINANCE COSTS</b>				
Borrowings	719 744	747 357	718 521	746 024
Unwinding of discount	28 735	28 871	28 735	28 871
<b>TOTAL</b>	<b>748 479</b>	<b>776 228</b>	<b>747 256</b>	<b>774 895</b>
The 2015 comparative amount of R776,23 million has been restated from R781,26 million (see note 44).				
<b>36. BULK PURCHASES</b>				
Electricity	7 656 073	6 708 777	7 656 073	6 708 777
Water	417 263	400 066	417 263	400 066
<b>TOTAL</b>	<b>8 073 336</b>	<b>7 108 843</b>	<b>8 073 336</b>	<b>7 108 843</b>
<b>37. GRANTS AND SUBSIDIES PAID</b>				
Events and charitable contributions	60 471	46 595	60 471	46 578
Community development and upliftment	16 088	15 421	16 088	15 421
Economic development and promotion of tourism	63 152	66 777	63 152	66 777
Education institutions	370	321	370	321
Health forum/health, HIV/Aids and tuberculosis programmes	3 931	4 027	3 931	4 027
Senior citizens – facilities for the aged	90	95	90	95
Social development and arts and culture	2 462	1 800	2 462	1 800
Sporting bodies	1 682	1 468	1 682	1 468
<b>TOTAL</b>	<b>148 246</b>	<b>136 504</b>	<b>148 246</b>	<b>136 487</b>



	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>38. GENERAL EXPENSES</b>				
Auditor remuneration	15 247	13 444	13 554	11 863
CID levies	-	-	146 126	130 146
Consultants	129 869	113 229	127 599	108 473
Free basic electricity (FBE) – Eskom service areas	124 099	113 946	124 035	113 902
Realised fair-value adjustments	4 358	5 034	4 358	5 034
Fuel (petrol, diesel and fuel oil)	232 357	239 745	231 469	238 824
Indigent relief	542 740	508 501	542 740	508 501
Inventory: scrapping	557	1 171	557	1 171
Legal fees	56 740	56 603	56 087	55 497
Loss on foreign-exchange transactions	3 755	3 077	3 751	3 070
Materials general and consumables	326 087	347 128	300 405	323 907
Security services	432 986	346 710	426 815	340 947
Telecommunications	105 585	86 751	99 892	85 015
Other expenditure	2 309 721	2 099 934	2 259 439	2 046 447
	4 284 101	3 935 273	4 336 827	3 972 797
Contributions from provisions	(33 491)	(41 511)	(33 491)	(41 511)
	4 250 610	3 893 762	4 303 336	3 931 286
Expenditure recharged to capital projects	(3 333)	(2 119)	(3 333)	(2 119)
<b>TOTAL</b>	<b>4 247 277</b>	<b>3 891 643</b>	<b>4 300 003</b>	<b>3 929 167</b>

The 2015 comparative amount of R3,89 billion has been restated from R3,88 billion (see note 44).

### 39. TAXATION

#### Deferred taxation

##### CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2015: 28%).

At beginning of the year

Temporary differences

At end of the year

(4)	2 201
(3 149)	(2 205)
<b>(3 153)</b>	<b>(4)</b>

#### The balance comprises

Capital allowance (non-deductible temporary differences)

Total

(3 153)	(4)
<b>(3 153)</b>	<b>(4)</b>

#### Statement of financial performance charge

Taxation

Current year: CTICC

19 926	18 576
<b>19 926</b>	<b>18 576</b>

### 40. CASH GENERATED FROM OPERATIONS

Surplus for the year

Adjustment for:

Depreciation

Contributed assets

Impairment

Unrealised foreign-exchange loss

Gains and losses on disposal of assets

Contribution to provisions

Contribution to impairment provision

Finance income

Finance costs

#### Operating surplus before working capital changes

Decrease/(increase) in inventories

Increase in receivables

Increase in other receivables

(Decrease)/increase in unspent conditional grants and receipts

Increase in payables

(Decrease)/increase in net VAT

#### CASH GENERATED FROM OPERATIONS

4 370 797	4 451 394	4 289 655	4 379 614
3 300 481	2 216 774	3 314 275	2 224 751
2 139 274	1 925 535	2 108 510	1 900 718
(64 211)	(4 953)	(64 211)	(4 953)
8 825	16 416	8 825	16 416
152	-	152	-
(118 243)	(84 633)	(118 383)	(84 713)
440 966	(139 278)	440 792	(139 393)
1 026 996	501 471	1 035 571	503 366
(901 759)	(774 012)	(864 237)	(741 585)
748 479	776 228	747 256	774 895
<b>7 671 278</b>	<b>6 668 168</b>	<b>7 603 930</b>	<b>6 604 365</b>
23 549	(11 731)	23 043	(11 033)
(832 554)	(408 214)	(832 630)	(408 222)
(719 077)	(719 878)	(711 470)	(730 230)
(327 490)	31 677	(327 490)	31 677
485 388	534 463	422 712	534 505
(11 036)	6 786	(11 036)	6 786
<b>6 290 058</b>	<b>6 101 271</b>	<b>6 167 059</b>	<b>6 027 848</b>

The 2015 comparative amount of R6,10 billion has been restated from R6,11 billion (see note 44).

	Economic entity		Municipality of Cape Town	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
<b>41. CASH AND CASH EQUIVALENTS</b>				
Balance at end of the year	3 803 924	3 792 735	3 332 469	3 199 148
Balance at beginning of the year	3 792 735	2 652 774	3 199 148	2 266 559
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11 189</b>	<b>1 139 961</b>	<b>133 321</b>	<b>932 589</b>

**42. OPERATING LEASE COMMITMENTS****42.1 The Entity as lessee**

Future minimum lease payments under non-cancellable operating leases

leases

**Land and buildings**

Payable within one year

Payable within two to five years

**Radio masts**

Payable within one year

Payable within two to five years

**TOTAL**

	108 086	157 532	106 726	155 460
	54 628	50 670	54 262	50 188
	53 458	106 862	52 464	105 272
	324	514	324	514
	324	245	324	245
	-	269	-	269
<b>TOTAL</b>	<b>108 410</b>	<b>158 046</b>	<b>107 050</b>	<b>155 974</b>

Minimum lease payments recognised as an expense during the period amount to R50,18 million (2015: R38,24 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

**42.2 The Entity as lessor**

Future minimum lease income under non-cancellable operating leases

leases

**Buildings**

Receivable within one year

Receivable within two to five years

Receivable after five years

**TOTAL**

	33 196	25 151	33 676	27 071
	127 192	96 190	127 192	96 670
	178 530	204 434	178 530	204 434
<b>TOTAL</b>	<b>338 918</b>	<b>325 775</b>	<b>339 398</b>	<b>328 175</b>

The Entity lets properties under operating leases. Property rental income earned during the year was R33,68 million (2015: R26,09 million). The tenants maintain the properties 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 a decrease of R4,76 million in current-year income.

**43. CONTINGENT LIABILITIES****43.1 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 R141,00 million (2015: R104,16 million).

**43.2 Outstanding insurance claims**

The estimated liability for insurance claims amounts to R148,82 million (2015: R73,86 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.

**43.3 Income tax dispute**

The outcome of an income tax case relating to a SARS audit of 2012 which is currently under appeal is still pending. The potential extent of the liability cannot be determined at this stage as the matter is subject to litigation



**44. PRIOR-YEAR ADJUSTMENTS****44.1 Correction of error**

An enquiry made with National Treasury revealed that the City's historical transactions with regard to the Urban Settlements Development Grant (USDG) payments to Province had been incorrectly treated. In the past, these payments for the construction of USDG-funded assets were recognised as contracted services when the payments were made. Once the assets were completed and Province transferred them to the City, the asset was treated as a donation. This practice was incorrect, however, as the payment to Province should have been recognised as a payment made in advance, and transferred to assets once the assets were completed.

**44.2 Reclassification**

The 'Fair-value adjustments' amount was reclassified from finance costs to general expenses, as indicated below.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustment and reclassification.

	Note	Economic entity			Restated R'000
		As previously reported R'000	Correction of error R'000	Reclassifi- cation R'000	
<b>2014</b>					
<b>Statement of financial position</b>					
Other receivables		425 014	68 034	-	493 048
Accumulated surplus		21 998 203	68 034	-	22 066 237
<b>2015</b>					
<b>Statement of financial position</b>					
Other receivables	11	709 239	107 877	-	817 116
Accumulated surplus		25 789 827	107 877	-	25 897 704
<b>Statement of financial performance</b>					
<b>Expenditure</b>					
Finance costs	35	781 262	-	(5 034)	776 228
Contracted services		3 684 196	(39 843)	-	3 644 353
General expenses	38	3 886 609	-	5 034	3 891 643
Total expenditure		27 545 607	(39 843)	-	27 505 764
Surplus for the year		4 392 975	39 843	-	4 432 818
<b>Cash flow statement</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		29 011 426	(39 843)	-	28 971 583
Cash paid to suppliers and employees		(22 905 121)	39 843	(5 034)	(22 870 312)
<b>Cash generated from operations</b>		6 106 305	-	(5 034)	6 101 271
<b>Net cash from operating activities</b>	40	6 143 489	-	(5 034)	6 138 455
<b>Cash flow from investing activities</b>					
Decrease in investments		531 837	-	5 034	536 871
<b>Net cash from investing activities</b>	40	(4 635 435)	-	5 034	(4 630 401)
<b>Cash generated from operations</b>					
Surplus for the year	40	4 411 551	39 843	-	4 451 394
Finance costs		781 262	-	(5 034)	776 228
Increase in other receivables		(680 035)	(39 843)	-	(719 878)
<b>Cash generated from operations</b>		6 106 305	-	(5 034)	6 101 271

**44. PRIOR-YEAR ADJUSTMENTS** (continued)

	Note	Municipality of Cape Town			Restated R'000
		As previously reported R'000	Correction of error R'000	Reclassifi- cation	
<b>2014</b>					
<b>Statement of financial position</b>					
Other receivables		414 535	68 034	-	482 569
Accumulated surplus		21 893 987	68 034	-	21 962 021
<b>2015</b>					
<b>Statement of financial position</b>					
Other receivables	11	707 217	107 877	-	815 094
Accumulated surplus		25 663 410	107 877	-	25 771 287
<b>Statement of financial performance</b>					
<b>Expenditure</b>					
Finance costs	35	779 929	-	(5 034)	774 895
Contracted services		3 576 198	(39 843)	-	3 536 355
General expenses	38	3 924 133	-	5 034	3 929 167
Total expenditure		27 395 267	(39 843)	-	27 355 424
Surplus for the year		4 339 771	39 843	-	4 379 614
<b>Cash flow statement</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		28 813 341	(39 843)	-	28 773 498
Cash paid to suppliers and employees		(22 780 459)	39 843	(5 034)	(22 745 650)
<b>Cash generated from operations</b>		6 032 882	-	(5 034)	6 027 848
<b>Net cash from operating activities</b>	40	6 058 725	-	(5 034)	6 053 691
<b>Cash flow from investing activities</b>					
Decrease in investments		361 949	-	5 034	366 983
<b>Net cash from investing activities</b>	40	(4 718 325)	-	5 034	(4 713 291)
<b>Cash generated from operations</b>					
Surplus for the year	40	4 339 771	39 843	-	4 379 614
Finance costs		779 929	-	(5 034)	774 895
Increase in other receivables		(690 387)	(39 843)	-	(730 230)
<b>Cash generated from operations</b>		6 032 882	-	(5 034)	6 027 848

**44.3 Changes in accounting estimates**

The annual review of the useful lives of assets resulted in a decrease of R0,57 million (2015: R53,54 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

The annual review of management's assessment of materiality resulted in an increase in the percentage variance between budgeted and actual amounts regarded as material, from 5% to 10%. This change in estimate had no financial impact on the financial statements.

**45. BUDGET INFORMATION****45.1 Explanation of variances between original and final budget amounts**

The reasons for the variances between the original and final budget are due to virements and three adjustment budgets approved on 19 August 2015, 28 January 2016 and 31 March 2016. The increase in the capital budget is due to the reprioritisation of capital projects, with the corresponding changes to funding sources.

**45.2 Explanation of variances greater than 10%: final budget and actual amounts****45.2.1 Statement of financial position****Total assets**

## i) Current assets

The variance is due to higher-than-expected receivables, investments, and cash and cash equivalents as a result of higher service charges than budgeted for, as well as an underspend on operating costs.





**45. BUDGET INFORMATION** (continued)**45.2 Explanation of variances greater than 10%: final budget and actual amounts** (continued)**45.2.2 Statement of financial performance****Revenue**

## i) Investment revenue

The variance (over-recovery) is due to the higher-than-expected interest received on higher-than-planned cash and investments balances.

## ii) Transfers recognised – operational

The variance is the result of performance related to the operational grant-funded projects. Spending on these projects was influenced by a number of factors, such as delays in the planned start-up, community dynamics and influences, changes in the contract scope, contract award objection processes, environmental issues, delays in delivery of materials/goods, and contractor performance. All of this resulted in an underspend for the year and the rollover of funding and continuation of projects in the new financial year.

## v) Transfers recognised – capital

The variance is the result of performance related to the capital grant-funded projects. Spending on these projects was influenced by a number of factors, such as delays in the planned start-up, community dynamics and influences, changes in the contract scope, contract award objection processes, environmental issues, delays in delivery of materials/goods, and contractor performance. All of this resulted in an underspend for the year and the rollover of funding and continuation of projects in the new financial year.

## vi) Contributions recognised – capital and contributed assets

The variance is the result of performance related to the capital projects that were funded through public contributions and donations. Spending on these projects was influenced by a number of factors, such as delays in the planned start-up, community dynamics and influences, changes in the contract scope, contract award objection processes, environmental issues, delays in delivery of materials/goods, and contractor performance. All of this resulted in an underspend for the year and the rollover of funding and continuation of projects in the new financial year.

**Expenditure**

## iii) Transfers and grants

The variance is due to a reversal of the payment to Province for the construction of USDG-funded assets that were not completed at financial year-end.

## iv) Other expenditure

The variance is largely attributable to a lower-than-planned rate of expenditure on grant-funded housing development projects (including People's Housing Process (PHP) payments), as many factors influence the rate of home construction by communities. These include community protests, vandalism, robberies experienced by contractors, and termination of contracts due to poor contractor performance. Lower-than-anticipated expenditure on homeowner's subsidies (rebates) is linked to the number of successful applicants who qualified for the rebate.

**45.2.3 Cash flow statement**

## i) Net cash from (used) operating

The variance is due to a combination of higher service charges income than budgeted for, as well as the underspend on operating costs.

## ii) Net cash from (used) financing

The variance is due to the acceleration of the capital expansion programme.

**45.3 Explanation of variances greater than 5%: final budget and actual amounts****45.3.1 Capital expenditure**

## i) City Health

The variance in the implementation of the projects is a result of appeals against the award of tenders, as well as protracted negotiations on the acquisition of land.

## ii) Community Services

The variance in the implementation of the projects is a result of poor contractor performance, gang-related disruptions on site, and delays due to a fire incident on site.

## iii) Transport for Cape Town

The variance in the implementation of the projects is a result of appeals against the award of tenders, environmental impact assessment processes, poor contractor performance and labour-related disruptions, delays in the supply of equipment, and changes made during the roll-out process for design enhancements of the IRT system.

## iv) Human Settlements

The variance in the implementation of the projects is a result of poor contractor performance, community dynamics, and delays due to amendments in the supply chain management regulations.

## v) Solid Waste Management

The variance in the implementation of the projects is a result of delays in the supply of equipment due to the vendor's inability to put adequate guarantees in place to secure payment arrangements with a foreign vendor, and a lower actuarial determination of rehabilitation costs than initially budgeted for.

## vi) Water and Sanitation

The variance in the implementation of the projects is a result of appeals against the award of tenders, protracted negotiations on the acquisition of land due to declining offers, and the time taken to expedite expropriations.

## vii) Cape Town Electricity

The variance in the implementation of the projects is a result of delays due to amendments in the supply chain management regulations, protracted negotiations on the acquisition of land, and delays due to changes in the tender specifications.

**46. ADDITIONAL DISCLOSURES****46.1 MUNICIPAL FINANCE MANAGEMENT ACT****46.1.1 Section 124****46.1.1.1 Disclosure concerning councillors', directors and officials****Councillors' municipal accounts in arrears**

As at **30 June 2016**, the following councillor was more than 90 days in arrears for rates or services.

Hassiem, W

During the **reporting period**, the following councillor was more than 90 days in arrears for rates or services.

August, S

As at **30 June 2015**, no councillors were more than 90 days in arrears for rates or services.

During the **reporting period**, the following councillors' were more than 90 days in arrears for rates or services.

Honono, T	Nikelo, M
Madikane, B	Nyakatya, N
Makeleni, K	Purchase, F
Moolman, G	

**46.1.1.2** Included in the debtors' arrears is an amount of R13 022,62 (2015: R11 976,74) outstanding for more than 120 days, owed by the representative political parties to the Entity. The 2015 comparative amount of R11 976,74 has been restated from R67 842,72.

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

**46.1.2 Section 125****46.1.2.1 Irregular expenditure**

Opening balance  
Expenditure – supply chain management (SCM) regulations (see incidents below)  
Regularised and ratified

**Closing balance**

956	45	956	45
2	996	2	996
(956)	(85)	(956)	(85)
<b>2</b>	<b>956</b>	<b>2</b>	<b>956</b>

Incidents
• Business conducted with a supplier of whom a director was in the service of the state
• Non-compliance with SCM regulations
• Non-compliance with SCM regulations

**Incidents for the year**

-	40	-	40
-	956	-	956
2	-	2	-
<b>2</b>	<b>996</b>	<b>2</b>	<b>996</b>

**46.1.2.2 Unauthorised, fruitless and wasteful expenditure**

Opening balance  
Expenditure – current year  
Regularised and ratified

**Closing balance**

294	294	294	294
-	-	-	-
(232)	-	(232)	-
<b>62</b>	<b>294</b>	<b>62</b>	<b>294</b>

**46.1.2.3 Material losses****Water losses**

In the year under review, the material losses were 12,81%. These are made up of 9,72% reticulation losses and 3,09% abnormal production losses (2015: 9,98% reticulation losses and 4,13% abnormal production losses). These losses are predominantly due to metering inefficiencies, which constitute an apparent loss. The production losses amounted to R98,86 million (2015: R91,11 million).

<b>148 981</b>	<b>137 373</b>	<b>148 981</b>	<b>137 373</b>
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**Electricity losses**

In the year under review, the energy losses were 11,42% (2015: 11,25%). These losses are the result of normal system operation, theft and vandalism. The production losses amounted to R496,20 million (2015: R436,70 million).

<b>370 578</b>	<b>314 416</b>	<b>370 578</b>	<b>314 416</b>
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**46. ADDITIONAL DISCLOSURES** (continued)**46.1 MUNICIPAL FINANCE MANAGEMENT ACT** (continued)**46.1.2 Section 125** (continued)**46.1.2.4 Other compulsory disclosures**

	South African Local Government Association (SALGA) contributions R'000	Audit fees R'000	Pay-as-you- earn (PAYE) and UIF R'000	Pension and medical aid R'000
<b>As at 30 June 2016</b>				
Opening balance	-	305	93 765	209 760
Subscriptions/fees	11 210	16 897	1 272 824	2 696 326
Amount paid – current year	(11 210)	(16 836)	(1 169 808)	(2 467 615)
Amount paid – previous years	-	(305)	(93 765)	(209 760)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>61</b>	<b>103 016</b>	<b>228 711</b>
<b>As at 30 June 2015</b>				
Opening balance	-	106	87 963	191 627
Subscriptions/fees	10 541	14 874	1 115 982	2 457 128
Amount paid – current year	(10 541)	(14 569)	(1 022 217)	(2 247 368)
Amount paid – previous years	-	(106)	(87 963)	(191 627)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>305</b>	<b>93 765</b>	<b>209 760</b>

Economic entity		Municipality of Cape Town	
2016 R'000	2015 R'000	2016 R'000	2015 R'000

**46.2 SUPPLY CHAIN MANAGEMENT REGULATIONS****46.2.1 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 awards listed below have been approved by the Accounting Officer and noted by Council.

**Incidents**

Appointment of consultants	16 725	52 232	16 725	52 232
Information technology upgrade	92 924	59 850	92 924	59 850
Upgrade of electricity services	69 001	30 263	69 001	30 263
Extension of contract period/sum	96 282	426 058	96 282	426 058
Upgrade of road infrastructure	20 410	45 031	20 410	45 031
Supply and delivery of plant and equipment	33 317	66 313	33 317	66 313
Other	167 507	75 722	154 902	68 602
Deviations less than R200 000	345 124	316 688	345 124	316 688
<b>Total amount approved by the Accounting Officer and noted by Council</b>	<b>841 290</b>	<b>1 072 157</b>	<b>828 685</b>	<b>1 065 037</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.

The 2015 comparative amount of R1,07 billion has been restated from R1,06 billion.

**46.2.2 SCM breaches**

Ratification of minor breaches	8 489	15 833	-	-
<b>Total amount regularised and ratified</b>	<b>8 489</b>	<b>15 833</b>	<b>-</b>	<b>-</b>

**46. ADDITIONAL DISCLOSURES** (continued)**46.2 SUPPLY CHAIN MANAGEMENT REGULATIONS** (continued)**46.2.3 Bids awarded to family of employees in the service of the state**

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated 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
		2016 R'000	2016 R'000
Adams, C	Clerk	33	33
Agulhas, M	Artisan	182	182
Barnard, M	Deputy Director: Health Department	541	541
Basson, M	Principal Facility Officer	465	465
Brink, M	Doctor	492	-
Burgess, D	Senior Clerk	910	910
Carr, C	Administrative Officer	2	2
Daniels, S	Project Administrator	56	56
Davids, F	Clerk	138	138
Davids, G and Samuals, R	Clerk and Operator: Small Plant	233	233
Davids, J	Administrative Officer	833	833
Davids, M	Operational Supervisor: Driver	557	557
Dolf, N	Clerk	791	791
Dolff, A	Senior Clerk	637	637
Du Toit, J	Assistant Buyer: SCM	961	961
Ebrahim, Y	Head: District 5	1 835	1 835
Els, A	Warrant Officer	288	288
Gaxeni, TN	Deducter Manager	252	252
Fourie, S	HoD: Department of Economic Development and Tourism	23	-
Gordon, C	Clerk	430	430
Hassan, T	Senior Clerk	279	279
Hattingh, PM	Administrative Officer: SCM	3	3
Hector, C	Quality Assessor	1 995	1 995
Henderson, C	Teacher	146	146
Hendricks, F	Administrative Officer	756	756
Ishmail, E	Manager: Valuation Data and Systems	6 719	6 719
Jemane, J	Professional Officer	35	35
Kuyk, G	Principal GIS Technical: Valuations	500	500
Lategan, J	Clerk	438	438
Le Vack, S	Professional Nurse	117	117
Lebesana, T	Security Officer	16	16
Leukes, P	Spokesperson to the Executive Mayor	152	152
Marais, R	Teacher	44	44
Mbhalo, N	Clerk	179	179
Merile, SS	Operator: Small Plant	1 114	1 114
Meyer, T	Educator: Western Cape Education Department	1 564	-
Monk, FJ	Subcouncil Manager	843	843
Moolla, S	Clinical Psychologist	443	443
Mshweshwe, MC	Statutory Compliance Specialist	845	845
Naidoo, P	Functional Operational Manager: Tourism Events	626	626
Nel, GA	Advisory Specialist	59	59
Ntlati, B	Clerk	1 136	1 136
Paul, B	Manager: Department of Cultural Affairs and Sport	256	256
Peters, G	Manager: Housing	28	28
Phosa, Y	Member of Parliament	11 144	10 989
Poole, N	Senior Clerk	96	96
Quantoi, W and Quantoi, K	Artisan and Maintenance Assistant	23	23
Rhoda, C	Professional Officer	834	834
Ritter, T	Senior Clerk	42	42
Roberts, K	Clerk	763	763
Rose, D	Call Centre Agent	641	641
Ryneveldt, L	Senior Project Administrator	239	239
Salomons, T	Specialist Engineering	6 578	6 578



**46. ADDITIONAL DISCLOSURES** (continued)**46.2 SUPPLY CHAIN MANAGEMENT REGULATIONS** (continued)**46.2.3 Bids awarded to family of employees in the service of the state** (continued)

Connected person	Position held with state	Economic entity	Municipality of Cape Town
		2016 R'000	2016 R'000
Sammy, MN	Administrative Officer	7	7
Trom, F	Senior Worker	121	121
Van der Heever, V	Teacher	3 011	3 011
Van der Vendt, C	Senior Worker	222	222
Vlotman, N	Data Capturer	23	23
Votersen, MF	Head: Finance Parks	2 604	2 604
Wasserfall, B	Senior Forensics Officer	1 394	1 394
Whare, M	Manager: SCM	593	593
Wileman, P	Operations Manager: Corporate	706	706
Willemse, S and Bell, A	Administrative Officer and Senior Clerk	1 559	1 559
Wyngaard, R	Administrative Officer – Tenders: SCM	1 309	1 309
		<b>59 861</b>	<b>57 627</b>

See annexure G for the 2015 list.

**47. RELATED-PARTY DISCLOSURES****47.1 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	
2016 R'000	2015 R'000	2016 R'000	2015 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

**67,8%**      **69,9%**

Arm's-length transactions for the year

Receivables

1 379      1 303

Payables

4 036      22 747

Service charges

20 864      19 315

**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

**Special rating areas**

Arm's-length transactions for the year

Receivables

4      2

Service charges

41      27

Levies

146 126      130 146

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

**Management contracts**

Epping CID – Just For You Business Support Services CC

1 104      1 037

Groote Schuur CID – Groote Schuur Management NPC

-      487

Woodstock CID – Lloyd's Project Management CC

530      498

**Rental contracts**

Observatory CID – Zelkar Investments CC

-      92

Voortrekker Road – Greater Tygerberg Partnership NPC

281      227

**47. RELATED-PARTY DISCLOSURES** (continued)**47.1 Municipal entities and special areas** (continued)**CMTF**

The fund was established to pool funds for road networks and maintenance in the metropolitan area.

Percentage owned

Arm's-length transactions for the year

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

Economic entity		Municipality of Cape Town	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

Administrator			
20 735	18 513	20 735	18 513
1 528	14 405	1 528	14 405
1 215	1 328	1 215	1 328
2 752	4 387	2 752	4 387

**47.2 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 rating areas.

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

**47.2.1 Mayco Committee members/councillors****2016**

Mayco committee members

Councillors

Subsidiaries: board members

Annual salary	Car allowance	Social contribution	Total
R'000	R'000	R'000	R'000
11 386	60	497	11 943
110 741	90	4 554	115 385
457	-	-	457
<b>122 584</b>	<b>150</b>	<b>5 051</b>	<b>127 785</b>

**2015**

Mayco committee members

Councillors

Subsidiaries: board members

10 808	64	467	11 339
104 948	120	4 225	109 293
355	-	-	355
<b>116 111</b>	<b>184</b>	<b>4 692</b>	<b>120 987</b>

Councillors are remunerated according to the Remuneration of Public Office-Bearers 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 of Cape Town. There are 221 Council members, whose aggregate remuneration amounted to R127,33 million for the period under review. The average remuneration per councillor is R0,576 million per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 5 and 6 as part of 'General information'.

**47. RELATED-PARTY DISCLOSURES** (continued)**47.2 Executive management** (continued)**47.2.2 Mayoral Committee members****2016**

	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
Executive Mayor Alderman De Lille, P	1 242	42	-	1 284
Executive Deputy Mayor/Finance Alderman Neilson, ID	936	-	109	1 045
Safety and Security Alderman Smith, JP	862	18	82	962
Corporate Services Councillor Limberg, X	961	-	-	961
Energy, Environmental and Spatial Planning Councillor Van der Merwe, J	859	-	102	961
Social Development and Early Childhood Development Councillor Little, S	961	-	-	961
City Health Councillor Mamkeli, S	961	-	-	961
Community Services and Special Projects Alderman Walker, B	859	-	102	961
Transport for Cape Town Councillor Herron, BN	962	-	-	962
Tourism, Events and Economic Development Councillor Bloor, G	962	-	-	962
Utility Services Councillor Sonnenberg, EJ	859	-	102	961
Human Settlements Councillor Van Minnen, B	962	-	-	962
	<b>11 386</b>	<b>60</b>	<b>497</b>	<b>11 943</b>

**2015**

Executive Mayor Alderman De Lille, P	1 179	40	-	1 219
Executive Deputy Mayor/Finance Alderman Neilson, ID	891	-	102	993
Safety and Security Alderman Smith, JP	812	24	77	913
Corporate Services Councillor Limberg, X	913	-	-	913
Energy, Environmental and Spatial Planning Councillor Van der Merwe, J	816	-	96	912
Social Development and Early Childhood Development Councillor Little, S	913	-	-	913
City Health Councillor Van Minnen, B (until 23/01/2015) Councillor Mamkeli, S (from 24/01/2015)	512 400	- -	- -	512 400
Community Services and Special Projects Alderman Walker, B	817	-	96	913
Transport for Cape Town Councillor Herron, BN	913	-	-	913
Tourism, Events and Economic Development Councillor Bloor, G	913	-	-	913
Utility Services Councillor Sonnenberg, EJ	817	-	96	913
Human Settlements Councillor Mamkeli, S (until 23/01/2015) Councillor Van Minnen, B (from 24/01/2015)	512 400	- -	- -	512 400
	<b>10 808</b>	<b>64</b>	<b>467</b>	<b>11 339</b>



**47. RELATED-PARTY DISCLOSURES** (continued)**47.2 Executive management** (continued)**47.2.3 Executive management****2016**

	Analysis of remuneration benefits				Total R'000
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000	
City Manager Ebrahim, A	2 147	-	326	-	2 473
Community Services Mtwazi, L	1 583	84	231	-	1 898
Corporate Services and Compliance * Ras, DG (acted in the position until 08/07/2015, and has been serving permanently since)	1 992	-	2	1	1 995
Energy, Environmental and Spatial Planning Hugo, J	1 865	-	48	-	1 913
Finance Jacoby, K	1 596	81	236	1	1 914
City Health Mahlangu-Mathibela, W	1 601	66	204	-	1 871
Human Settlements Bromfield, IK (acted in the position until 08/07/2015, and has been serving permanently since)	1 474	133	263	-	1 870
Safety and Security Bosman, R (until 31/01/2016)	967	56	128	-	1 151
Le Roux, W (acting since 01/02/2016)	531	43	73	3	650
Social Development and Early Childhood Development Sass, E (acting)	1 499	-	188	-	1 687
Tourism, Events and Economic Development Groenewald, A (until 30/09/2015)	485	-	1	-	486
Transport for Cape Town Whitehead, M	1 911	-	2	31	1 944
Utility Services Kaiser, G	1 761	-	138	-	1 899
CTICC Ellingson, J	2 107	-	-	-	2 107
	<b>21 519</b>	<b>463</b>	<b>1 840</b>	<b>36</b>	<b>23 858</b>

\*There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.

**47. RELATED-PARTY DISCLOSURES** (continued)**47.2 Executive management** (continued)**47.2.3 Executive management** (continued)

	Analysis of remuneration benefits				
	Annual salary R'000	Car allow- ance R'000	Social contri- bution R'000	Travel and sub- sistence R'000	Total R'000
<b>2015</b>					
City Manager					
Ebrahim, A	2 240	-	308	10	<b>2 558</b>
Community Services					
Mtwazi, L	1 469	-	221	84	<b>1 774</b>
Corporate Services					
Mayimele-Hashatse, F (until 09/01/2015)	1 197	-	1	-	<b>1 198</b>
Ras, DG (acting from 14/01/2015)*	-	-	-	-	-
Energy, Environmental and Spatial Planning					
Hugo, J	1 743	-	45	3	<b>1 791</b>
Finance					
Jacoby, K	1 486	-	221	82	<b>1 789</b>
City Health					
Mahlangu-Mathibela, W	1 503	-	191	66	<b>1 760</b>
Human Settlements					
Maqetuka, S	1 314	-	172	1	<b>1 487</b>
Bromfield, IK (acting from 14/01/2015)	688	-	113	62	<b>863</b>
Compliance and Auxiliary Services					
Ras, DG	1 760	-	2	-	<b>1 762</b>
Safety and Security					
Bosman, R	1 483	-	206	95	<b>1 784</b>
Social Development and Early Childhood Development					
Bromfield, IK (until 14/01/2015)	807	-	133	72	<b>1 012</b>
Sass, E (acting from 14/01/2015)	593	-	79	-	<b>672</b>
Tourism, Events and Economic Development					
Groenewald, A	1 772	-	2	9	<b>1 783</b>
Transport for Cape Town					
Whitehead, M	1 779	-	2	9	<b>1 790</b>
Utility Services					
Kaiser, G	1 636	-	32	108	<b>1 776</b>
CTICC					
Ellingson, J (appointed 01/09/2014)	1 671	-	-	-	<b>1 671</b>
	<b>23 141</b>	<b>-</b>	<b>1 728</b>	<b>601</b>	<b>25 470</b>

\*Ras, DG acted without any compensation.

**48. EVENTS AFTER REPORTING DATE**

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

	Contractual interest rate (NAICS) %	Loan ID	Redeemable date	Balance as at 30 June 2015 R'000	Net interest accrual during the year R'000	Concessional loan adjustment R'000	Redeemed/ written off during year R'000	Balance as at 30 June 2016 R'000
<b>MARKETABLE BONDS</b>								
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 marketable bonds<sup>1</sup></b>				<b>4 275 489</b>				<b>4 275 489</b>
<b>CONCESSIONARY LOANS</b>								
Nedcor Bank	1,000	830000920	2019	25	-	4	-	29
DBSA	5,000	830012028	2020	17 971	-	662	(4 000)	14 633
AFD	5,763	830018500	2028	453 510	(676)	9 604	(40 000)	422 438
AFD	5,730	830018516	2028	452 704	(672)	9 701	(40 000)	421 733
AFD	5,755	830018530	2028	453 487	(675)	9 642	(40 000)	422 454
AFD	5,800	830018523	2028	442 640	(662)	9 246	(38 961)	412 263
<b>Total concessional loans</b>				<b>1 820 337</b>	<b>(2 685)</b>	<b>38 859</b>	<b>(162 961)</b>	<b>1 693 550</b>
<b>OTHER LOANS</b>								
FirstRand Bank	12,631	830003504	2017	147 725	-	-	(12 720)	135 005
ABSA Bank	10,900	830007011	2018	60 000	-	-	(20 000)	40 000
DBSA	10,590	83001050	2018	101 749	-	-	(33 917)	67 832
FirstRand Bank	12,046	830009531	2018	109 215	(4 916)	-	(20 000)	84 299
DBSA	9,420	830012035	2020	46 666	-	-	(9 333)	37 333
DBSA	9,639	830013000	2022	100 000	-	-	(13 333)	86 667
DBSA	10,565	830013507	2022	100 000	-	-	(13 333)	86 667
<b>Total other loans</b>				<b>665 355</b>	<b>(4 916)</b>		<b>(122 636)</b>	<b>537 803</b>
<b>Total Municipality of Cape Town</b>				<b>6 761 181</b>	<b>(7 601)</b>	<b>38 859</b>	<b>(285 597)</b>	<b>6 506 842</b>
<b>Controlled entities</b>								
<b>OTHER LOANS</b>								
CID Brackenfell	-	-	2017	162	-	-	(60)	102
CID Claremont Road Co.: DBSA	-	-	2023	14 414	-	-	(1 300)	13 114
<b>Total controlled entities</b>				<b>14 576</b>			<b>(1 360)</b>	<b>13 216</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>6 775 757</b>	<b>(7 601)</b>	<b>38 859</b>	<b>(286 957)</b>	<b>6 520 058</b>

<sup>1</sup> Guaranteed sinking funds have been established for the 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).

## Annexure B: Analysis of property, plant and equipment and other assets as at 30 June 2016

	COST					ACCUMULATED DEPRECIATION					Carrying value R'000	
	Opening balance R'000	Transfers/ adjustments <sup>1</sup> R'000	Additions <sup>2</sup> R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Impairments R'000		Disposals R'000
<b>Land and buildings</b>												
Vacant land	1 071 670	8 358	24 513	(5 178)	-	1 099 363	(325 488)	-	-	-	-	(325 488)
Land and buildings	2 448 872	42 583	70 138	-	(251)	2 561 342	(991 895)	(132)	(53 970)	-	176	(1 045 821)
	<b>3 520 542</b>	<b>50 941</b>	<b>94 651</b>	<b>(5 178)</b>	<b>(251)</b>	<b>3 660 705</b>	<b>(1 317 383)</b>	<b>(132)</b>	<b>(53 970)</b>	<b>-</b>	<b>176</b>	<b>(1 371 309)</b>
<b>Infrastructure</b>												
Assets under construction	2 398 210	(1 922 355)	2 296 911	-	-	2 772 766	-	-	-	-	-	-
Telecommunications	185 574	3 671	106 800	-	-	296 045	(3 392)	(1)	(11 344)	-	-	(14 737)
Drains	958 209	53 780	33 709	-	-	1 045 698	(338 083)	-	(34 550)	-	-	(372 633)
Roads	9 300 119	593 713	253 851	-	-	10 147 683	(2 646 849)	-	(343 641)	-	-	(2 990 490)
Beach improvements	41 738	1 399	74	-	-	43 211	(22 870)	-	(9 401)	-	-	(23 810)
Sewerage mains and purification	3 349 295	457 298	172 407	-	-	3 979 000	(1 166 730)	-	(182 290)	-	-	(1 349 020)
Electricity peak load equipment and mains	7 549 073	420 313	504 913	-	-	8 474 299	(2 544 869)	-	(158 996)	-	-	(2 703 865)
Water mains and purification	3 184 479	154 191	333 112	-	-	3 671 782	(1 418 783)	-	(138 576)	-	-	(1 557 359)
Reservoirs - water	528 067	9 622	2 083	-	-	539 772	(350 110)	-	(17 712)	-	-	(367 822)
	<b>27 494 764</b>	<b>(228 368)</b>	<b>3 703 860</b>	<b>-</b>	<b>-</b>	<b>30 970 256</b>	<b>(8 491 686)</b>	<b>(1)</b>	<b>(888 049)</b>	<b>-</b>	<b>-</b>	<b>(9 379 736)</b>
<b>Community assets</b>												
Assets under construction	112 611	(95 528)	47 235	-	-	64 318	-	-	-	-	-	-
Parks and gardens	275 582	4 167	13 853	-	-	293 602	(37 634)	-	(9 490)	-	-	(47 124)
Libraries	218 052	46 069	22 187	-	-	286 308	(71 143)	-	(3 732)	-	-	(74 875)
Recreation facilities	5 539 072	8 523	26 547	-	-	5 574 142	(1 402 286)	-	(217 942)	-	-	(1 620 228)
Civic buildings	2 552 431	57 883	118 685	-	(29)	(877 805)	(877 805)	-	(99 497)	-	29	(977 273)
	<b>8 697 748</b>	<b>21 114</b>	<b>228 507</b>	<b>-</b>	<b>(29)</b>	<b>8 947 340</b>	<b>(2 388 868)</b>	<b>-</b>	<b>(330 661)</b>	<b>-</b>	<b>29</b>	<b>(2 719 500)</b>
<b>Other assets</b>												
Assets under construction	637 810	(329 836)	971 339	-	-	1 279 313	(16 091)	-	-	-	-	(16 091)
Buildings and land	906	180	176	-	-	1 262	(610)	-	(296)	-	-	(906)
Landfill sites	811 033	1 63 359	112 842	-	-	1 087 234	(488 417)	-	(43 202)	-	-	(531 619)
Furniture, fittings and equipment	932 870	1 562	101 568	-	(19 386)	1 016 614	(560 372)	136	(104 474)	-	18 177	(646 533)
Bins and containers	63 741	48	1 572	-	(10)	65 351	(44 994)	-	(5 414)	-	10	(50 398)
Emergency equipment	42 393	184	2 586	-	(387)	44 776	(36 366)	1	(2 068)	-	387	(38 046)
Motor vehicles and watercraft	1 705 091	12 863	179 193	-	(29 323)	1 867 824	(1 107 196)	952	(122 680)	-	26 783	(1 202 141)
Specialised vehicles	1 220 208	1 000	217 052	-	(30 539)	1 407 721	(519 260)	(1 006)	(69 487)	-	26 280	(563 473)
Computer equipment	1 916 365	20 869	185 853	-	(23 801)	2 099 286	(1 286 579)	72	(211 611)	-	22 916	(1 475 202)
Animals	552	-	-	-	(120)	432	(283)	-	(67)	-	91	(259)
	<b>7 330 969</b>	<b>(129 771)</b>	<b>1 772 181</b>	<b>-</b>	<b>(103 566)</b>	<b>8 869 813</b>	<b>(4 060 168)</b>	<b>155</b>	<b>(559 299)</b>	<b>-</b>	<b>94 644</b>	<b>(4 524 668)</b>
<b>Service concession assets</b>												
Buses and depots	1 416 746	492	-	-	(5 486)	1 411 752	(222 768)	-	(117 250)	-	5 374	(338 291)
<b>Housing rental stock</b>	<b>2 535 066</b>	<b>225 753</b>	<b>114 305</b>	<b>-</b>	<b>(10 447)</b>	<b>2 864 677</b>	<b>(798 204)</b>	<b>-</b>	<b>(80 001)</b>	<b>-</b>	<b>7 496</b>	<b>(870 709)</b>
<b>TOTAL PPE</b>	<b>50 995 835</b>	<b>(59 839)</b>	<b>5 913 504</b>	<b>(5 178)</b>	<b>(119 779)</b>	<b>56 724 543</b>	<b>(17 279 077)</b>	<b>22</b>	<b>(2 029 230)</b>	<b>(3 647)</b>	<b>107 719</b>	<b>(19 204 213)</b>



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## Annexure B: Analysis of property, plant and equipment and other assets as at 30 June 2016 (continued)

	COST					ACCUMULATED DEPRECIATION					Carrying value R'000	
	Opening balance R'000	Transfers/ adjustments <sup>1</sup> R'000	Additions <sup>2</sup> R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Impairments R'000		Disposals R'000
<b>Heritage assets</b>												
Paintings and museum items	9 062	(8)	-	-	(5)	9 049	-	-	-	-	-	-
	<b>9 062</b>	<b>(8)</b>			<b>(5)</b>	<b>9 049</b>						<b>9 049</b>
<b>Investment property</b>												
Vacant land	548 749	(31 468)	950	-	-	518 231	-	-	-	-	-	-
Land and buildings	92 939	31 468	94	-	-	124 501	(52 306)	-	(2 235)	-	-	(54 541)
	<b>641 688</b>	<b>-</b>	<b>1 044</b>	<b>-</b>	<b>-</b>	<b>642 732</b>	<b>(52 306)</b>	<b>-</b>	<b>(2 235)</b>	<b>-</b>	<b>-</b>	<b>(54 541)</b>
<b>Intangible assets</b>												
Assets under construction	130 769	(111 670)	-	-	-	19 099	-	-	-	-	-	-
Acquisition of rights	500 339	55 783	-	-	-	556 122	(78 923)	(65 544)	-	-	(144 467)	411 655
Computer software	545 351	59 825	24 652	-	-	629 828	(389 153)	(42 267)	-	-	(431 420)	198 408
	<b>1 176 459</b>	<b>3 938</b>	<b>24 652</b>	<b>-</b>	<b>-</b>	<b>1 205 049</b>	<b>(468 076)</b>	<b>(107 811)</b>	<b>-</b>	<b>-</b>	<b>(575 887)</b>	<b>629 162</b>
<b>TOTAL OTHER</b>	<b>1 827 209</b>	<b>3 930</b>	<b>25 696</b>	<b>-</b>	<b>(5)</b>	<b>1 856 830</b>	<b>(520 382)</b>	<b>(110 046)</b>	<b>-</b>	<b>-</b>	<b>(630 428)</b>	<b>1 226 402</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>52 823 044</b>	<b>(55 909)</b>	<b>5 939 200</b>	<b>(5 178)</b>	<b>(119 784)</b>	<b>58 581 373</b>	<b>(17 799 459)</b>	<b>(2 139 276)</b>	<b>(3 647)</b>	<b>107 719</b>	<b>(19 834 641)</b>	<b>38 746 732</b>

<sup>1</sup> An adjustment of R55,89 million was passed on the acquisition cost of the property, plant and equipment and other assets.

<sup>2</sup> Includes the contributed assets amount of R64,21 million.

	Account numbers		2016	2015	2014
	2016	2015	R'000	R'000	R'000
<b>MUNICIPALITY OF CAPE TOWN</b>					
<b>Bank accounts held with ABSA</b>					
Main bank account	40-5658-4470	40-5658-4470	61 936	108 447	174 987
Salary bank account	40-5658-4496	40-5658-4496	-	-	-
Cashier's bank account	40-5658-4527	40-5658-4527	-	-	-
General income bank account (primary)	40-5658-4569	40-5658-4569	-	-	-
Traffic fines bank account	40-7261-8663	40-7261-8663	-	-	-
IRT bank account	40-8089-5180	40-8089-5180	-	-	-
<b>Amortised cost - see note 12</b>			<b>61 936</b>	<b>108 447</b>	<b>174 987</b>
<b>SUBSIDIARIES</b>					
CTICC					
<b>Bank accounts</b>					
Nedbank - current account	1232043850	1232043850	265	3 118	1 355
ABSA Bank - current	4072900553	4072900553	6 106	4 384	2 872
ABSA Bank - CTICC east - current	4072900228	4072900228	1 067	1	80
ABSA Bank - exh serv - current	4072900731	4072900731	44	104	498
ABSA Bank Treasury	4073731246	4073731246	65	62	60
ABSA Bank Treasury	4073733701	4073733701	2 157	2 034	1 930
<b>Amortised cost</b>			<b>9 704</b>	<b>9 703</b>	<b>6 795</b>
City improvement districts					
			<b>52 860</b>	<b>38 956</b>	<b>31 215</b>
<b>Total bank balances - see note 12</b>			<b>124 500</b>	<b>157 106</b>	<b>212 997</b>
<b>MUNICIPALITY OF CAPE TOWN</b>					
<b>Bank accounts managed by fund managers</b>					
City of Cape Town	5500125800	5500125800	502	380	690
City of Cape Town	5500125801	5500125801	2 431	2 047	1 394
City of Cape Town	5500125802	5500125802	237	399	549
City of Cape Town	5500125803	5500125803	95	390	1 087
City of Cape Town	5500125804	5500125804	1 684	1 466	1 547
City of Cape Town	5500125805	5500125805	857	260	429
City of Cape Town	5500125806	5500125806	655	1 618	1 888
City of Cape Town	5500125807	5500125807	588	546	568
City of Cape Town	5500125808	5500125808	569	710	168
City of Cape Town	5500125809	5500125809	258	129	105
<b>Fair value - see note 12</b>			<b>7 876</b>	<b>7 945</b>	<b>8 425</b>
<b>SUBSIDIARIES</b>					
CTICC					
<b>Investment accounts</b>					
Nedbank - call account	03/7881544007/46	03/7881544007/46	17	-	5 359
Nedbank - investment account	03/7881544007/000104	03/7881544007/000100	15 429	14 366	13 464
Nedbank - investment account	03/7881544007/000101	03/7881544007/000101	-	10 066	-
Nedbank - money market fund	(1766000029) (03/7881111917/00006)	(1766000029) (03/7881111917/00006)	-	41 604	39 117
ABSA Bank - call deposit	4074708347	4074708347	14 834	7 295	4 876
ABSA Bank - fixed deposit	34942428	34942428	-	-	-
First National Bank - RMB investment	00 506 190 167 40	-	12 788	-	-
Stanlib - corporate money market fund	000-402-184 (1199539) 551436367	000-402-184 (1199539) 551436367	51 793	9 996	7 328
Stanlib - corporate money market fund	000-402-184 (1199539) 552166459	000-402-184 (1199539) 552166459	7	17 032	24 116
Standard Bank - investment account	(97212) 486008	(97212) 486008	-	12 473	21 381
Standard Bank - investment account	(97212) 500922	(97212) 486007	-	10 262	-
Standard Bank - investment account	(97212) 490390	(97212) 490390	-	12 744	18 293
ABSA Bank - investment new 2	(506009 4072900553) 48518474	(506009 4072900553) 48518474	-	21 962	20 644
ABSA Bank - investment new 1	(506009 4072900553) 44699506	(506009 4072900553) 44699506	-	10 308	18 583
ABSA Bank - investment new 1	(506009 4072900553) 47954355	(506009 4072900553) 47954355	-	9 453	-
Nedbank - three month deposit	03/7881544007/000102	03/7881544007/000102	-	15 485	14 560
Investec - corporate money market fund	(462097) 1008645	(462097) 1008645	19 489	10 113	17 099
Investec - corporate money market fund	(462097) 1037793	(462097) 1037793	24	16 019	23 082
ABSA Bank - call deposit	4083941322	4083941322	14 018	35 925	19 564
Nedgroup - money market fund	(1800167964) 8319631	(1800167964) 8319631	58 687	35 370	15 306
Nedgroup - corporate money market fund C2	(800190652) 8330496	(800190652) 8330496	-	40 381	18 102
Nedgroup - money market fund class C2	(800190652) 8330497	(800190652) 8330497	-	35 528	24 119
ABSA Bank - fixed deposit	506009 4072900553 - 44893640	506009 4072900553 - 44893640	-	32 025	30 093
ABSA Bank - money market fund	9295637051	9295637051	-	21 169	13 046
ABSA Bank - CTICC money market fund	09316676360	-	86 824	-	-
ABSA Bank - guarantee	506009 4072900553 - 43939765	506009 4072900553 - 43939765	134 913	125 287	-
<b>Amortised cost</b>			<b>408 823</b>	<b>544 863</b>	<b>348 132</b>

	2016						2015		
	Actual income R'000	Actual expenditure R'000	Surplus/(deficit) R'000	Inter-departmental charges R'000	Net surplus/(deficit) R'000	Grants and donations <sup>2</sup> R'000	Net results from operations R'000	Budgeted net results from operations R'000	Restated <sup>1</sup> Actual net result from operations R'000
<b>Business units</b>	<b>(19 942 338)</b>	<b>17 252 225</b>	<b>(2 690 113)</b>	<b>(886 180)</b>	<b>(1 803 933)</b>	<b>(1 583 376)</b>	<b>(220 557)</b>	<b>1 503 737</b>	<b>(263 549)</b>
<b>Rates and General</b>									
City Health	(528 355)	1 123 209	594 854	206 923	387 931	(2 864)	390 795	460 254	360 539
City Manager	(899)	58 391	57 492	(130 840)	188 332	-	188 332	230 058	171 613
Community Services	(170 917)	2 214 238	2 043 321	662 290	1 381 031	(89 653)	1 470 684	1 600 640	1 319 286
Corporate Services and Compliance <sup>3</sup>	(67 211)	252 985	185 774	(1 960 140)	2 145 914	(11 267)	2 157 181	2 252 903	2 158 956
Energy, Environmental and Spatial Planning	(134 410)	721 031	586 621	185 955	400 666	(13 140)	413 806	453 974	363 815
Finance	(2 811 112)	1 286 425	(1 524 687)	(1 959 305)	434 618	(100)	434 718	947 157	638 849
Rates and other	(11 890 198)	2 783 022	(9 107 176)	524 256	(9 631 432)	-	(9 631 432)	(9 481 169)	(9 110 480)
Safety and Security Services	(1 243 394)	3 175 565	1 932 171	587 782	1 344 389	(22 394)	1 366 783	1 580 952	1 129 854
Social Development and Early Childhood Development	(680)	256 311	255 631	81 337	174 294	(358)	174 652	183 736	129 141
Tourism, Events and Economic Development	(27 192)	720 105	692 913	182 370	510 543	(500)	511 043	549 783	499 353
Transport for Cape Town	(1 762 930)	3 019 700	1 256 770	412 506	844 264	(1 149 642)	1 993 906	2 170 403	1 757 716
Human Settlements	(1 305 040)	1 641 243	336 203	320 686	15 517	(293 458)	308 975	555 046	317 809
<b>Utility Services</b>	<b>(22 501 322)</b>	<b>20 901 780</b>	<b>(1 599 542)</b>	<b>886 180</b>	<b>(2 485 722)</b>	<b>(609 747)</b>	<b>(1 875 975)</b>	<b>(1 354 633)</b>	<b>(1 683 559)</b>
Solid Waste Management	(2 749 638)	2 444 857	(304 781)	(969 792)	665 011	-	665 011	850 700	626 178
Sanitation	(2 972 908)	2 711 616	(261 292)	460 371	(721 663)	(343 988)	(377 675)	(203 814)	(306 802)
Water	(4 604 239)	4 312 927	(291 312)	78 320	(369 632)	(66 468)	(303 164)	(306 639)	(207 762)
Cape Town Electricity	(12 174 537)	11 432 380	(742 157)	1 317 281	(2 059 438)	(199 291)	(1 860 147)	(1 694 880)	(1 795 173)
<b>Total Municipality of Cape Town</b>	<b>(42 443 660)</b>	<b>38 154 005</b>	<b>(4 289 655)</b>	<b>-</b>	<b>(4 289 655)</b>	<b>(2 193 123)</b>	<b>(2 096 532)</b>	<b>149 104</b>	<b>(1 947 108)</b>
<b>Subsidiaries</b>									
Cape Town International Convention Centre	(244 354)	179 379	(64 975)	-	(64 975)	(33 844)	(31 131)	(24 076)	(28 296)
City improvement districts	(162 342)	146 175	(16 167)	-	(16 167)	-	(16 167)	343	(11 061)
<b>Total subsidiaries</b>	<b>(406 696)</b>	<b>325 554</b>	<b>(81 142)</b>	<b>-</b>	<b>(81 142)</b>	<b>(33 844)</b>	<b>(47 298)</b>	<b>(23 733)</b>	<b>(39 357)</b>
<b>TOTAL</b>	<b>(42 850 356)</b>	<b>38 479 559</b>	<b>(4 370 797)</b>	<b>-</b>	<b>(4 370 797)</b>	<b>(2 226 967)</b>	<b>(2 143 830)</b>	<b>125 371</b>	<b>(1 986 465)</b>

<sup>1</sup> Comparative restated: see note 44 for more details.

<sup>2</sup> Includes taxation and transfers to non-controlling interest.

<sup>3</sup> There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.



Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016

National and Provincial grant funds 2015/2016										
Description	Source	Balance unspent at the beginning of the year		Current-year receipts		Adjustments		Conditions met - transferred to revenue		Balance unspent at the end of the year
		R'000	R'000	R'000	R'000	Operating R'000	Capital R'000	Interest earned R'000	Amounts to be claimed R'000	
<b>National Government</b>										
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	-	(742)
Budget Reform Funds	National Treasury	-	(1 050)	-	1 050	-	-	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	-	(220)	-	152	-	-	-	-	(68)
DME - INEP	Energy	-	(5 000)	3	-	4 997	-	-	-	-
Energy Efficiency Electricity Demand Side Management	National Treasury	-	(12 000)	359	424	11 217	-	-	-	-
Expanded Public Works Incentive Grant	National Treasury	(58)	(23 616)	4	23 216	454	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	-	(11)
Human Settlements Capacity Grant	State Housing	(31 580)	(13 703)	66	18 743	465	-	-	-	(26 009)
Infrastructure Skills Development	National Treasury	(139)	(7 526)	202	6 932	497	-	-	-	(34)
Integrated City Development Grant	National Treasury	(4 474)	(50 826)	1 020	2 915	51 365	-	-	-	-
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	-	17	-	-	-	-	-	-
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(52)	-	-	459	-	-	-	-	(63)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	(615)	-	-	-	-	-	-	-	(615)
Neighbourhood Development Programme	National Treasury	(20 144)	(44 310)	20 145	-	38 179	-	-	-	(6 130)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	-	(272)	(1 571)	1 814	-	-	-	-	(29)
Public Transport Infrastructure Grant	Transport	(408 232)	-	39 277	(83)	369 038	-	-	-	(128 961)
Public Transport Network Grant	Transport	-	(881 501)	40 930	277 070	434 540	-	-	-	-
Public Transport Network Operations Grant	Transport	(64 765)	-	8 219	56 546	-	-	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(3 477)	-	-	-	100	-	-	-	(3 377)
Special Projects	Environmental Affairs	-	(3 030)	-	2 246	-	-	-	-	(784)
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(423)	-	401	-	-	-	-	(22)
Tirelo Boshia Programme	Public Service and Administration	(200)	(777)	-	724	-	-	-	-	(253)
Urban Renewal	National Treasury	(4 118)	-	-	1 281	643	-	-	-	(2 194)
Urban Settlement Development Grant	National Treasury	(163 495)	(1 387 760)	149 536	171 611	1 080 570	-	-	-	(149 538)
<b>Total DoRA allocation</b>		<b>(702 591)</b>	<b>(2 432 014)</b>	<b>258 207</b>	<b>565 501</b>	<b>1 992 065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(318 832)</b>
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(68)	-	-	-	-	-	(34)	-	(102)
Natural Resource Management: Interest account		(7)	-	-	-	-	-	(1)	-	(8)
Neighbourhood Development Programme: Interest account		(10 182)	-	-	-	-	-	8 750	-	(1 432)
Peninsula Wetlands Rehabilitation Project: Interest account		-	-	-	-	-	-	(5)	-	(5)
Public Transport Infrastructure Systems Grant: Interest account		(221 075)	-	-	20 998	(55 621)	-	(14 248)	-	(269 946)
Public Transport Infrastructure Grant: Interest account		(45 781)	-	-	-	38 031	-	(22 634)	-	(30 384)



## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

National and Provincial grant funds 2015/2016											
Description	Source	Balance unspent at beginning of the year <sup>1</sup>			Current-year receipts			Conditions met - transferred to revenue			Balance unspent at the end of the year <sup>1</sup>
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Public Transport Network Grant: Interest account		-	-	-	-	-	-	-	(16 938)	-	(16 938)
Public Transport Network Operations Grant: Interest account		(16 002)	-	-	-	8 158	-	-	(5 028)	-	(12 872)
Smart Living Handbook: Interest account		(82)	-	-	-	-	-	-	(5)	-	(87)
Special Projects		(23)	-	-	-	-	-	-	(32)	-	(55)
Terrestrial Invasive Alien Plants: Interest account		(12)	-	-	-	-	-	-	(10)	-	(22)
<b>Total interest earned</b>		<b>(293 478)</b>	-	-	-	<b>29 156</b>	-	<b>(17 590)</b>	<b>(50 185)</b>	-	<b>(332 097)</b>
<b>TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS</b>		<b>(99 6069)</b>	<b>(2 432 014)</b>	<b>258 207</b>	<b>594 657</b>	<b>1 974 475</b>	<b>(50 185)</b>	<b>(50 185)</b>	<b>(650 929)</b>	-	<b>(650 929)</b>
ABET Adult Education	Education	(4)	-	-	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(2 737)	(5 000)	-	6 584	-	-	-	(1111)	-	(1 264)
Atlantis - Westleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	-	-	(323)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	471	-	-	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	-	-	(5 259)	-	-	-	-	-	-	(5 259)
Belhar Social Housing 629 Units	Human Settlements	-	-	(48 872)	48 872	-	-	-	-	-	-
Bokmakierie / Hazendal Infill 3	Human Settlements	(472)	-	-	55	-	-	-	-	-	(417)
Broadband	Department of the Premier	(4 504)	(7 298)	-	-	10 181	-	-	-	-	(1 621)
Browns Farm Phase 3,4,5,6	Human Settlements	(10 657)	-	(1 851)	852	-	-	-	-	-	(11 656)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 038)	-	75	-	-	-	(328)	-	-	(5 291)
CBO Freedom Park	Human Settlements	(71)	-	71	-	-	-	-	-	-	-
Chemical Toilets in Wallacedene	Human Settlements	(30)	-	-	-	-	-	(2)	-	-	(32)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	-	-	(13)
Contributed Assets	Human Settlements	-	-	(64 111)	-	64 111	-	-	-	-	-
Community Residential Units	Human Settlements	(170 115)	-	21 608	(3 861)	81 201	-	-	-	-	(71 167)
Delft South High Density Housing	Human Settlements	(104)	-	104	-	-	-	-	-	-	-
Delft Sport field Development	Human Settlements	(20)	-	-	-	-	-	-	-	-	(20)
Delft Symphony Way IRA	Human Settlements	(2 687)	-	-	-	-	-	-	-	-	(2 687)
Delft The Hague / Roosendal Eindhoven	Human Settlements	-	-	(62 803)	42 789	-	-	-	-	-	(20 014)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	(35 927)	29 661	-	-	-	-	-	(6 266)
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	-	-	(299)
Echo Road Housing Project	Human Settlements	(4)	-	4	-	-	-	-	-	-	-
Edward Road Energy Efficient Project	Human Settlements	(2 923)	-	-	25	-	-	-	(192)	-	(3 090)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(9 847)	-	(1 927)	462	-	-	-	-	-	(10 912)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	44	-	-	-	-	-	-	-
Enkanini Housing Project	Human Settlements	(3 305)	-	3 305	-	-	-	-	-	-	-

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000				Current-year receipts R'000				Conditions met - transferred to revenue				Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
		Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Operating R'000	Capital R'000	Operating R'000	Adjustments R'000	Current-year receipts R'000							
Establishment Grants	Human Settlements	(2 062)	-	(390)	1 225	-	-	(1 110)	-	(1 337)						
Facilitation Grants	Human Settlements	(650)	-	(138)	334	-	(38)	-	-	(492)						
False Bay Ecology	Economic Development and Tourism	(46)	-	-	-	-	(3)	-	-	(49)						
Finance Management Support Grant	Treasury	(3)	(300)	-	303	-	(4)	-	-	(4)						
Fire Detection Surveillance Cameras	Human Settlements	(4)	-	-	-	-	-	-	-	(4)						
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	-	(37)						
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(12 348)	-	(65 670)	20 987	-	-	(196)	-	(57 031)						
Global Fund	Health	(2 973)	-	-	-	-	-	-	-	(3 169)						
Global Fund Anti-Retroviral	Health	(360)	(23 102)	-	25 757	-	-	-	(2 295)	-						
Global Fund Community Base Response Project	Health	-	(4 403)	717	4 034	-	-	-	(348)	-						
Government Grant Community Development Workers	Human Settlements	(684)	(1 080)	-	1 446	291	(55)	-	-	(82)						
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	66	-	-	-	-	(797)						
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	-	(971)						
Hangberg Housing Project	Human Settlements	(52)	-	52	-	-	-	-	-	-						
Hangberg: Appointment of mediator	Human Settlements	(85)	-	85	-	-	-	-	-	-						
Happy Valley - Phase 2 Top Structures	Human Settlements	(2 710)	-	2 821	16 494	-	-	-	(111)	-						
Hazendal Infill - Top Structures	Human Settlements	-	-	(17 769)	-	-	-	-	-	(1 275)						
HCE Manuals (Housing Consumer Education)	Human Settlements	(119)	-	(45 300)	-	-	(8)	-	-	(127)						
Heideveld Housing Infill	Human Settlements	-	(131 678)	7 873	26 136	-	-	-	(9 233)	(19 164)						
HIV/AIDS Community Based Response Projects	Health	-	-	-	133 038	-	-	-	-	-						
Hostels Phase 2 Housing	Human Settlements	(996)	-	-	-	-	-	-	-	(996)						
Housing Settlements Development Grant	Human Settlements	-	(730 119)	682 519	6 632	-	-	-	-	(40 968)						
IHP Westgate Mall Phase C1 and C2	Human Settlements	-	-	(4 130)	1 075	-	-	-	-	(3 055)						
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	633	-	-	-	-	(931)						
Informal Settlements	Human Settlements	(1 010)	-	137	-	-	-	-	-	(240)						
Interactive Community Access Network	Economic Development and Tourism	(204)	-	-	43	50	(12)	-	-	(123)						
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	-	(10 427)						
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	-	(395)						
Kanonkop Phase 1 Top Structures	Human Settlements	(4 891)	-	(17 583)	10 911	-	-	-	-	(11 563)						
Kewtown Infill Development	Human Settlements	(190)	-	190	-	-	-	-	-	-						
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	(4 235)	-	-	-	-	-	-						
Khayelitsha Site C Subsidies	Human Settlements	(3 950)	-	-	-	-	(260)	-	-	(4 608)						
Kleinvlei Phase 2	Human Settlements	(1 308)	-	-	415	-	-	-	-	(4 210)						
										(893)						

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

Description	Source	National and Provincial grant funds 2015/2016					Conditions met - transferred to revenue			Balance unspent at the end of the year <sup>1</sup> R'000
		Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Operating R'000	Capital R'000	Interest earned R'000	Amounts to be claimed R'000		
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)	
Law Enforcement Officers	Community Safety	(463)	(21 669)	-	21 669	-	-	-	(463)	
Law Enforcement Officers	Human Settlements	(46)	-	-	47	-	(3)	-	(2)	
Library Metro Grant	Cultural Affairs and Sport	-	(5 000)	-	147	3 938	(1 22)	-	(1 037)	
Local Government Compliance: Commercial Mediation Training	Department Local Government	-	(174)	174	-	-	-	-	-	
Maccassar Treatment Works	Human Settlements	(5 500)	-	-	-	-	-	-	(5 500)	
Major Upgrading - Rental Units	Human Settlements	-	-	3 000	-	-	-	(3 000)	-	
Marconi Beam	Human Settlements	(9)	-	-	-	-	-	-	(9)	
Masphumelele TRA	Human Settlements	(999)	-	1 058	-	-	(59)	-	-	
Masphumelele Amakhaya Ngaku	Human Settlements	(15 309)	-	-	-	-	(910)	-	(16 219)	
Meikbosch Village	Human Settlements	(90)	-	90	-	-	-	-	-	
Metropolitan Land Transport Fund	Transport and Public Works	(6 953)	(37 200)	-	17 687	17 447	(1 073)	-	(10 092)	
Metropolitan Transport Fund	Transport and Public Works	-	-	(1 528)	1 195	333	-	-	-	
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 TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)	
Morgan Vill3/Western Cape	Human Settlements	(1 167)	-	-	-	-	(77)	-	(1 244)	
Netreg Housing Project	Human Settlements	(350)	-	350	-	-	-	-	-	
New Housing Development Projects	Human Settlements	-	-	3 445	2 372	-	-	(5 817)	-	
Nonqubela Ph2/Makhaza	Human Settlements	(1 64)	-	1 64	-	-	-	-	-	
Nutrition Supplement Programme	Health	-	14	-	4 169	-	-	-	(345)	
Pelican Park 2083 Top Structures	Human Settlements	-	(4 528)	(48 646)	38 920	-	-	-	(9 726)	
Phillippi East Top Structures	Human Settlements	(129)	-	-	128	-	-	-	(1)	
Phillippi East Phase 5	Human Settlements	(638)	-	-	41	-	-	-	(597)	
Phillippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)	
Phoenix UISP	Human Settlements	(167)	-	167	-	-	-	-	-	
Peoples Housing Project	Human Settlements	(100 127)	-	(134 548)	163 400	-	(5 684)	-	(76 959)	
Phumani Transfers	Human Settlements	(22)	-	-	-	-	-	-	(22)	
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(209)	-	-	-	-	(14)	-	(223)	
Public Library Fund	Cultural Affairs and Sport	(6 533)	(37 833)	-	32 142	9 140	(1 192)	-	(4 276)	
Redhill Informal Settlement	Human Settlements	(302)	-	-	-	-	(20)	-	(322)	

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

Description	Source	National and Provincial grant funds 2015/2016						Conditions met - transferred to revenue			Balance unspent at the end of the year <sup>1</sup> R'000
		Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Operating R'000	Capital R'000	Interest earned R'000	Amounts to be claimed R'000			
Rondevellei Housing Project	Human Settlements	(72)	-	-	39	-	-	-	-	(33)	
Scottsdene 350 Top Structures	Human Settlements	(680)	-	(38 208)	-	31 361	-	-	-	(7 527)	
Scottsdene 550 Top Structures	Human Settlements	(5 463)	-	(5 000)	1 6126	-	-	-	(5 663)	-	
Social Economic Facilities Programme	Human Settlements	(4 259)	-	-	-	2 994	-	-	-	(1 265)	
Serocar Park	Human Settlements	(704)	-	-	-	-	-	-	-	(704)	
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	1 142	-	-	-	-	-	-	
Sir Lowry's Pass Village TRA	Human Settlements	(4 574)	-	-	3 185	-	-	-	-	(1 389)	
Somerset West Housing Project	Human Settlements	(4 164)	-	-	-	-	-	-	-	(4 164)	
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	-	(36)	
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	-	(202)	
Tambo Square	Human Settlements	(42)	-	(264)	20	-	-	-	-	(286)	
TB Crisis Plan	Health	-	(24 653)	-	24 535	-	-	-	-	(118)	
Temperance Town	Human Settlements	(55)	-	-	-	-	-	-	-	(55)	
Three Anchor Bay Tennis Court	Cultural Affairs and Sport	(114)	-	-	-	126	-	-	(6)	-	
Vaccines	Health	-	(61 967)	1 538	7 1153	-	-	-	(10 724)	-	
Vehicle Impound Facility Matieland	Transport and Public Works	-	-	54	-	-	-	-	(54)	-	
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	-	(33)	
Vrygrond (EPH)	Human Settlements	(237)	-	-	-	-	-	-	-	(253)	
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(13 243)	-	1	780	-	-	-	(16)	(12 462)	
Witsand Housing Project Phase 1, 2	Human Settlements	(184)	-	184	-	-	-	-	-	-	
<b>TOTAL PROVINCIAL GOVERNMENT TRANSFERS AND GRANTS</b>		<b>(446 583)</b>	<b>(1 096 004)</b>	<b>128 042</b>	<b>772 723</b>	<b>221 173</b>	<b>(10 495)</b>	<b>(37 251)</b>		<b>(468 395)</b>	
<b>Analysis of grants and subsidies</b>											
Total National Government transfers and grants		(996 069)	(2 432 014)	258 207	594 657	1 974 475	(50 185)	-	-	(650 929)	
Total Provincial Government transfers and grants		(446 583)	(1 096 004)	128 042	772 723	221 173	(10 495)	(37 251)		(468 395)	
		<b>(1 442 652)</b>	<b>(3 528 018)</b>	<b>386 249</b>	<b>1 367 380</b>	<b>2 195 648</b>	<b>(60 680)</b>	<b>(37 251)</b>		<b>(1 119 324)</b>	

<sup>1</sup> The balance unspent at beginning and end of the year excludes VAT.



Enabling to build public confidence



Annexure F: Appropriation statement (reconciliation: budget and in-year performance) in terms of National Treasury MFMA Circular No. 67 for the year ended 30 June 2016

	2015/2016										2014/2015				
	Original budget R'000	Budget adjustments (i.t.o. s28 and s31) MFMA R'000	Final budget R'000	Shifting of funds (i.t.o. s31 MFMA) R'000	Virement (i.t.o. Council approved policy) R'000	Final budget 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	6 546 155	32 757	6 578 912	-	-	6 578 912	6 739 787	-	-	102	-	-	-	-	
Service charges	17 002 759	(6 534)	16 997 225	-	-	16 997 225	17 552 069	-	-	103	-	-	-	-	
Investment revenue	313 623	294 255	607 878	-	-	607 878	680 150	-	-	112	-	-	-	-	
Transfers recognised - operational	3 579 752	526 257	4 106 009	-	-	4 106 009	3 619 257	-	-	88	-	-	-	-	
Other own revenue	4 466 938	(67 407)	4 399 531	-	-	4 399 531	4 456 192	-	-	101	-	-	-	-	
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>31 889 859</b>	<b>799 676</b>	<b>32 689 535</b>	-	-	<b>32 689 535</b>	<b>33 027 455</b>	-	-	<b>101</b>	-	-	-	-	
Employee costs	9 921 896	77 339	9 999 235	-	-	9 999 235	9 415 890	-	-	94	-	-	-	-	
Remuneration of councillors	140 184	-	140 184	-	-	140 184	135 094	-	-	96	-	-	-	-	
Debt impairment	1 798 371	128	1 798 499	-	-	1 798 499	1 898 476	-	-	106	-	-	-	-	
Depreciation and asset impairment	2 121 805	37 296	2 159 101	-	-	2 159 101	2 148 102	-	-	99	-	-	-	-	
Finance charges	971 149	(208 595)	762 554	-	-	762 554	752 837	-	-	99	-	-	-	-	
Materials and bulk purchases	8 324 560	52 137	8 376 697	-	-	8 376 697	8 373 741	-	-	100	-	-	-	-	
Transfers and grants	120 402	191 407	311 809	-	-	311 809	148 246	-	-	48	-	-	-	-	
Other expenditure	8 891 645	373 200	9 264 845	-	-	9 264 845	7 977 398	-	-	86	-	-	-	-	
<b>Total expenditure</b>	<b>32 292 012</b>	<b>522 912</b>	<b>32 814 924</b>	-	-	<b>32 814 924</b>	<b>30 849 784</b>	-	-	<b>94</b>	-	-	-	-	
<b>Surplus/(deficit)</b>	<b>(402 153)</b>	<b>276 784</b>	<b>(125 369)</b>	-	-	<b>(125 369)</b>	<b>2 177 671</b>	-	-	<b>(1 737)</b>	-	-	-	-	
Transfers recognised - capital	2 223 813	222 981	2 446 794	-	-	2 446 794	2 131 537	-	-	87	-	-	-	-	
Contributions recognised - capital and contributed assets	53 761	14 973	68 734	-	-	68 734	61 589	-	-	90	-	-	-	-	
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 875 421</b>	<b>514 738</b>	<b>2 390 159</b>	-	-	<b>2 390 159</b>	<b>4 370 797</b>	-	-	<b>183</b>	-	-	-	-	
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(deficit) for the year</b>	<b>1 875 421</b>	<b>514 738</b>	<b>2 390 159</b>	-	-	<b>2 390 159</b>	<b>4 370 797</b>	-	-	<b>183</b>	-	-	-	-	
<b>Capital expenditure and funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	2 223 813	223 323	2 447 136	-	-	2 447 136	2 187 424	-	-	89	-	-	-	-	
Public contributions and donations	53 761	14 431	68 392	-	-	68 392	61 488	-	-	90	-	-	-	-	
Borrowing	2 579 264	(50 024)	2 529 240	-	-	2 529 240	2 441 423	-	-	97	-	-	-	-	
Internally generated funds	1 691 254	(217 354)	1 473 900	-	-	1 473 900	1 184 656	-	-	80	-	-	-	-	
<b>Total sources of capital funds<sup>1</sup></b>	<b>6 548 092</b>	<b>(29 424)</b>	<b>6 518 668</b>	-	-	<b>6 518 668</b>	<b>5 874 991</b>	-	-	<b>90</b>	-	-	-	-	
<b>Cash flows</b>															
Net cash from (used) operating	4 229 327	234 445	4 463 772	-	-	4 463 772	6 458 242	-	-	145	-	-	-	-	
Net cash from (used) investing	(6 547 167)	11 673	(6 535 494)	-	-	(6 535 494)	(6 272 662)	-	-	96	-	-	-	-	
Net cash from (used) financing	1 710 002	(1 930 165)	(220 163)	-	-	(220 163)	(174 391)	-	-	79	-	-	-	-	
<b>Cash/cash equivalents at the year end</b>	<b>(607 838)</b>	<b>(1 684 047)</b>	<b>(2 291 885)</b>	-	-	<b>(2 291 885)</b>	<b>11 189</b>	-	-	<b>(0.49)</b>	-	-	-	-	

<sup>1</sup> The actual capital outcome amount does not include the contributed assets amount of R64.21 million. See annexure B.



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
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AUDITOR-GENERAL  
SOUTH AFRICA

Connected persons	Position held with state	Economic entity	Municipality of Cape Town
		2015 R'000	2015 R'000
Adams, J	Administrative Officer	92	92
Agulhas, M	Artisan	363	363
Arnold, JT	Superintendent	29	29
August, K	Operational Supervisor: Driver	28	28
Barnard, M	Deputy Director: Health Department	3 144	3 144
Basholo, Z	Manager: Water and Demand	442	442
Bowers, ER	Social Worker: Department of Health	6	6
Buitendag, G	Principal Professional Officer	134	134
Cedras, A	Senior Superintendent	1 433	1 433
Christopher, P	Operations Manager: Corporate	578	578
Cilliers, JP	Special Advisor to the Premier	76	76
Danie, S	Project Administrator	387	387
Dauids, F	Clerk	119	119
Dauids, J	Administrative Officer	697	697
Dauids, M	Operational Supervisor: Driver	172	172
Dolf, N	Clerk	131	131
Du Toit, J	Assistant Buyer: SCM	597	597
Ebrahim, Y	Head: District 5	1 412	1 412
Els, A	Warrant Officer	73	73
Fourie, S	HoD: Department of Economic Development and Tourism	49	-
Gordon, C	Clerk	568	568
Gurgess, D	Senior Clerk	1 013	1 013
Hattingh, PM	Administrative Officer: SCM	2 371	2 371
Hector, C	Quality Assessor	2 211	2 211
Henderson, C	Teacher	85	85
Hendricks, F	Administrative Officer	31	31
Ishmail, E	Manager: Valuation Data and Systems	3 030	3 030
Jacobs, E	Senior Clerk	10 808	10 808
Jemane, J	Professional Officer	14	14
Jones, B	Superintendent: Community Services	2	2
Komani, A	Foreman	5	5
Lategan, J	Clerk	337	337
Le Vack, S	Professional Nurse	273	273
Leukes, P	Spokesperson to the Executive Mayor	281	281
Maroof, M	Professional Officer	1 100	1 100
Martin, M	Department of Health	24	24
Mbhalo, N	Clerk	403	403
Melnick, R	Project Administrator	47	47
Merile, SS	Operator: Small Plant	743	743
Meyer, G	Manager: Support	62 073	62 073
Meyer, T	Educator: Western Cape Education Department	4 520	-
Modack, K	Senior Project Administrator	109	109
Monk, FJ	Subcouncil Manager	4 213	4 213
Mshweshwe, MC	Statutory Compliance Specialist	635	635
Mtini, V	Worker	36 100	36 100
Mzwanbile, N	SA Ambassador	12	12
Nel, GA	Advisory Specialist	55	55



Connected persons	Position held with state	Economic entity	Municipality of Cape Town
		2015 R'000	2015 R'000
Niehaus, H	Senior Manager: Department of Health	22	22
Ntlati, B	Clerk	340	340
Paul, B	Manager: Department of Cultural Affairs and Sport	76	76
Phosa, P	Member of Parliament	199 388	199 388
Poole, N	Senior Clerk	24	24
Porsche, S	Forensics	31	31
Rall, A	Hospital Manager	327	327
Rhodes, M	Department of Education	486	486
Ritter, T	Senior Clerk	7	7
Salomons, T	Specialist Artisan	2 114	2 114
Scheepers, C	Councillor	12	12
Scholtz, LM	Secretary	473	473
Siebritz, W	Fire fighter	38	38
Steyn, D	Head: Supplier Management	129	129
Steyn, T	Senior Professional Officer	234	234
Unathi, P	Assistant Professional Officer	61	61
Van der Heever, V	Teacher	1 407	1 407
Van der Vendt, C	Senior Worker	560	560
Visagie, L	Teacher	141	141
Votersen, MF	Head of Finance: Parks	2 969	2 969
Wasserfall, B	Senior Forensics Officer	1 944	1 944
Willemse, S	Administrative Officer	1 396	1 396
Wyngaard, R	Administrative Officer – Tenders: SCM	866	866
AURECON awards	Family members as per schedule below	56 863	56 863
<b>Total</b>		<b>410 933</b>	<b>406 364</b>

#### \*Names of family members (AURECON awards)

Ahlschlager, HC	Legal Representative: Special Investigating Unit
Geldenhuis, N	Mechatronic Engineer: Transnet Port Terminals
Goga, Y	Senior Specialist: Nkosi Albert Luthuli Hospital
Govender, T	Fleet Maintenance Administrator: Umgeni Water
Herholdt, E	Manager: Limpopo Department of Economic Development, Environment and Tourism
Heyns, A	Assistant Superintendent: Stellenbosch Municipality
Jacobs, J	Personal Assistant: Eastern Cape Department of Education
Kleynhans, B	Accountant: Hessequa Municipality
Kriegler, BJ	Councillor: Cape Winelands District Municipality and Breede Valley Municipality
Marques, M	Deputy Director: Department of Home Affairs
Nadasen, K	Director: National Department of Public Works
Ntsebeza, D	Buffalo City Metropolitan Municipality
Ntsebeza, M	Intsika Yethu Municipality
Ntsebeza, N	Intsika Yethu Municipality
Pretorius, PS	Sol Plaatje Municipality
Robertson, JM	Roads Engineer: Ekurhuleni Metropolitan Municipality
Vermeulen, PC	Superintendent: City of Cape Town

AFD	Agence Française de Développement
ASB	Accounting Standards Board
CID(s)	city improvement district(s)
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 Company SOC Limited (RF)
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IRM	integrated risk management
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium-Term Revenue and Expenditure Framework
NACS	nominal annual compounded semi-annually
PAYE	pay-as-you-earn
PHP	People's Housing Process
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SCM	supply chain management
TASK	tuned assessment of skills and knowledge
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax





CITY OF CAPE TOWN  
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