



General information

EXECUTIVE MAYOR: ALDERMAN P. DE LILLE

Executive Deputy Mayor

Alderman I.D. Neilson

Speaker

Alderman J.D. Smit

Chief Whip

Alderman A.M. Serritslev

Members of the Mayoral Committee

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

Members of the Audit Committee

- Z. Manjra Chairperson
- M. Roos Member (appointed with effect from 1 February 2011)
- M.Y. Kajee Member (appointed with effect from 1 February 2011)
- M. Burton Member
- K. Moloko Member

Auditors

The Auditor-General

Business Connexion Building
Ring Road, Century Boulevard

Century City

7441

Private Bag X1

Chempet

7442

Bankers

ABSA Bank

1st floor, Tijgerpark IV

Willie van Schoor Drive

Tyger Valley

7530

PO Box 4453

Tyger Valley

7536

Registered office

12 Hertzog Boulevard

Cape Town

8001

PO Box 655

Cape Town

8000

City Manager

Achmat Ebrahim

Chief Financial Officer

Mike Richardson

Council members of the City of Cape Town

COUNCILLOR/ALDERMAN

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

Approval of the consolidated financial statements

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements, as set out on pages 132 to 203 in terms of section 126(1) of the Municipal Finance Management Act, and have accordingly signed the statements on behalf of the Entity.

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



Achmat Ebrahim

City Manager

Date: 30 September 2011

INTRODUCTION

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CHAPTER TWO

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ANNEXURES

Report by the Chief Financial Officer

FINANCIAL REVIEW

This review sets out highlights of the Entity's financial performance for the past year. Full details appear in the annual financial statements.

OVERVIEW OF ENTITY RESULTS

The Entity performed well over the past year despite the prevailing economic and market conditions. The Entity continued to monitor the impact of the economic conditions on its finances and ensured that it responded appropriately. No meaningful economic impact was experienced from the global recession. The Entity's cash flow has remained strong.

The financial results once again show that the Entity was committed to supporting social infrastructure investments, the demand for which continues to outstrip the Entity's resources. The Entity recognises the need to do more with less and to maximise the value of every rand spent. Notwithstanding the demands placed on its resources, the Entity's key financial performance indicators were within its internal targets for good management.

The overall summarised operating results for the Entity in comparison to the approved budget are shown below. The statement of financial performance reflects a summary of income and expenditure, while the segmental operating results per service are shown in Appendix C to the consolidated annual financial statements.

	2011		2010	2010 – 2011
	Actual R'000	Budget R'000	Actual R'000	Growth %
Revenue				
Property rates	4 524 363	4 286 860	3 837 920	17,89
Service charges	10 493 553	10 734 377	8 866 059	18,36
Grants and subsidies – operating	1 385 536	1 508 930	1 179 543	17,46
Fuel levy	1 510 960	1 510 960	1 371 610	10,16
Other	1 375 063	1 553 780	1 428 958	(3,77)
	19 289 475	19 594 907	16 684 090	15,62
Expenses				
Employee benefits	6 160 448	6 347 028	5 632 296	9,38
Impairment costs	799 494	1 004 115	684 377	16,82
Net depreciation and amortisation expenses – see note 32	799 433	754 558	610 245	31,00
Finance costs	719 170	780 723	645 427	11,43
Bulk purchases	4 620 165	4 656 592	3 636 889	27,04
Contract services	2 081 964	1 993 216	1 965 717	5,91
Other	3 119 432	3 576 259	2 964 127	5,24
	18 300 106	19 112 491	16 139 078	13,39
Net operating surplus	989 369	482 416	545 012	
Grants and subsidies – capital	1 235 135	1 803 255	2 024 464	
Grant-funded assets financed from reserve	(484 249)	(495 219)	(401 673)	
Surplus	1 740 255	1 790 452	2 167 803	
Appropriation and taxation	(683 285)	(1 384 225)	(1 718 705)	
Net result	1 056 970	406 227	449 098	

Over the past year, consolidated revenues increased by 15,62% to R19,29 billion. Service charges grew by 18,36% while growth of property rates was 17,89%. Consolidated revenues were approximately 1,5% lower than the budgeted amount.

On the other hand, consolidated operating expenses increased by 13,39% to R18,30 billion. Net depreciation costs grew by 31% due to an increase in additions to property, plant and equipment, while bulk purchases grew by 27%. Finance costs on loans increased from R645,43 million to R719,17 million, which resulted from having funded infrastructure investments with debt during 2010. Repairs and maintenance for the Entity were R1,71 billion for the year (2010: R1,58 billion) and constitute the major portion of contracted services, while spending amounted to 102,29% (2010: 103,40%) of the budgeted amount. The Entity does not intend to cut back on repairs and maintenance programmes, as they are critical to the organisation. These programmes are monitored closely, because the preservation of assets is essential for continued service delivery.

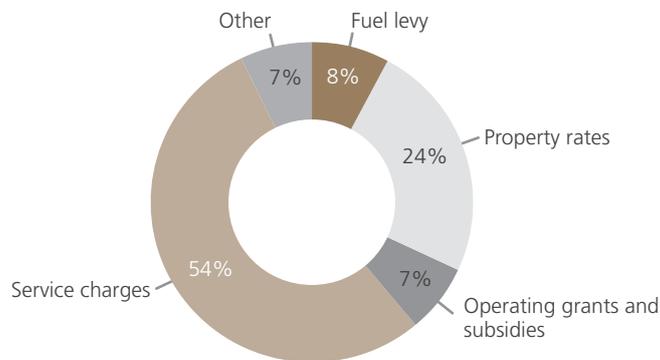
In addition, the Entity reported a net operating surplus of R989,37 million (2010: R545,01 million) against a budgeted surplus of R482,42 million. The improved result was mainly due to stringent expenditure controls, as detailed above. Of this amount, R570,50 million has been transferred to the capital replacement reserve to support the capital renewal programme.

Report by the Chief Financial Officer

Operating revenue

The major revenue streams that supported the Entity's programmes and activities were:

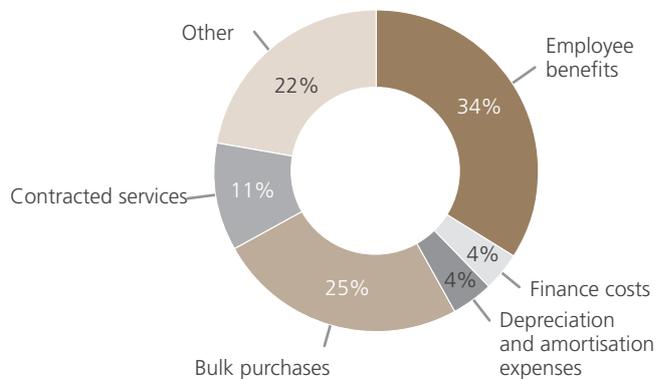
- property rates;
- service charges which are made up of:
 - electricity sales;
 - water sales;
 - wastewater management (sewerage and sanitation); and
 - waste management (solid waste);
- fuel levy;
- government grants; and
- other



Further details of service charges are contained in note 22 to the consolidated annual financial statements.

Operating expenditure

The following graph indicates the main categories of expenditure for the year under review. The proactive management control and containment of cost increases remain a key priority of the Entity.



Further details are contained in notes 29 to 37 to the consolidated annual financial statements.

Report by the Chief Financial Officer

OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

Rates and general services

	2011			2010
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	10 526 672	10 515 349	(11 323)	9 415 556
Expenditure	(10 589 117)	(11 233 608)	(644 491)	(9 793 468)
Operating deficit for the year	(62 445)	(718 259)	(655 814)	(377 912)
Capital and subsidies – capital	1 030 700	1 564 830	534 130	1 764 895
Results for the year – see Appendix C	968 255	846 571	(121 684)	1 386 983
Appropriations	(578 329)	(1 046 606)	(468 277)	(1 231 876)
Net results for the year	389 926	(200 035)	(589 961)	155 107

The lower-than-expected net operating deficit in relation to the budget is mainly due to the Entity's stringent expenditure controls.

Utility services

	2011			2010
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	13 507 981	13 750 401	242 420	11 487 604
Expenditure	(12 948 489)	(13 052 140)	(103 651)	(10 986 893)
Operating surplus for the year	559 492	698 261	138 769	500 711
Capital and subsidies – capital	204 435	238 425	33 990	259 569
Result for the year – see Appendix C	763 927	936 686	172 759	760 280
Appropriations	(98 501)	(337 619)	(239 118)	(481 290)
Net results for the year	665 426	599 067	(66 359)	278 990

The lower-than-expected net operating surplus of the Entity in relation to the budget is mainly due to an under-recovery of electricity revenue as a result of consumers' heightened awareness of the need for electricity savings and the Entity's carbon reduction efforts.

Subsidiaries (controlled and municipal entities)

	2011			2010
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	238 910	222 786	(16 124)	222 950
Expenditure	(230 837)	(215 591)	15 246	(202 410)
Results for the year – see Appendix C	8 073	7 195	(878)	20 540
Taxation	(6 455)	–	6 455	(5 539)
Net results for the year	1 618	7 195	5 577	15 001

The higher-than-expected net operating surplus in relation to the budget is due to increased income.

CAPITAL FUNDING PROGRAMME

A R7 billion programme was registered with the JSE Limited (JSE) on 30 May 2008.

The Entity has to date taken up R4,2 billion to fund its infrastructure investments. No amounts were taken up during the year under review. As a result of newly released JSE Listings Requirements, the Entity appointed Standard Bank as its debt sponsor. Please see note 12 detailing the Entity's long-term borrowings.

Report by the Chief Financial Officer

CAPITAL EXPENDITURE

As at 30 June 2011, the Entity's investment in property, plant and equipment amounted to R2,89 billion, compared to R4,68 billion for the previous financial period. This represents a 77,03% (2010: 83,12%) implementation of the approved capital budget, taking into account a contingent amount of R270 million.

The underspending was due mainly to:

- savings on completed projects;
- delays due to materials supply constraints;
- delays due to community interference;
- delays due to late receipt of donor funding; and
- delays due to tender appeals.

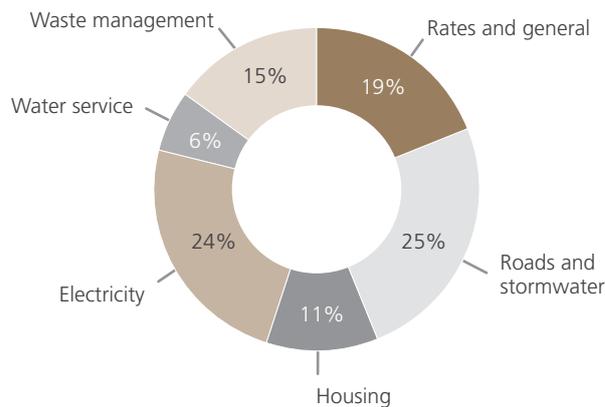
In addition, the capital expenditure figures are understated, as certain expenditure has not been accounted for since the City is in dispute with certain service providers. See note 48.2 on contractual disputes for more information.

The funding for selected underspent projects amounting to R525,1 million has been rolled over into the forthcoming financial year.

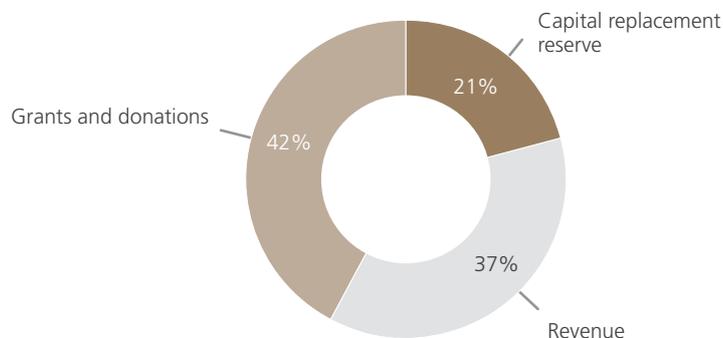
Capital commitments as at 30 June 2011 amounted to R898,53 million (2010: R1 663,54 million).

The charts given below reflect the expenditure in categories of assets and the corresponding funding sources

Property, plant and equipment



Source of finance



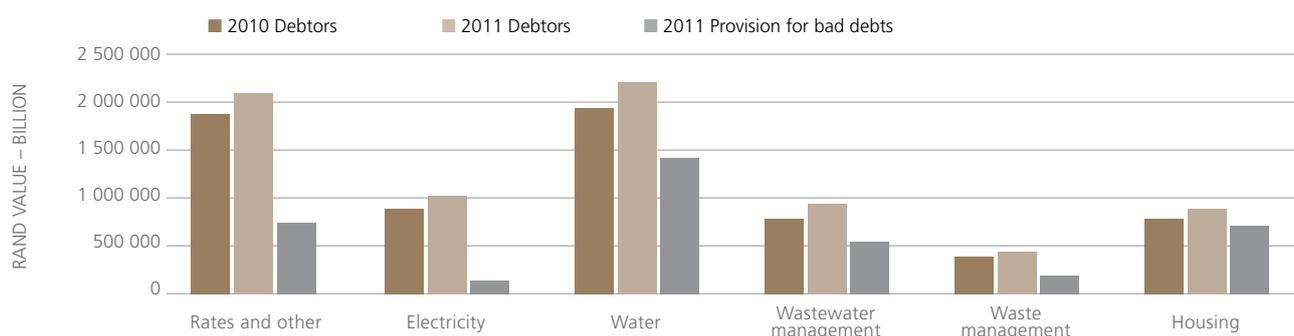
A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix C, while Appendix B contains details according to asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

Report by the Chief Financial Officer

CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2011 were R7,52 billion (2010: R6,66 billion). Total provision for impairment increased from R3,30 billion to R3,82 billion, which represents 50,72% of the total outstanding consumer debtors. The increase in debt in arrears is largely due to the raising of interest on arrear indigent debtors in arrears. The City is currently embarking on a programme to write off these amounts, subject to the installation of water management devices. In accordance with this policy, an amount of R272,69 million has been written off during the year under review.

The outstanding consumer debtors as at 30 June 2011 are represented graphically below, also reflecting the coverage by the provision for impairment.



INVESTMENTS, CASH AND BORROWING

Investments as at 30 June 2011 amounted to R2,26 billion, of which R477,00 million was set aside for the repayment of loans. Cash and cash equivalents, which represents cash and deposits with a maturity term of less than three months decreased by R1,35 billion to R3,30 billion.

Interest-bearing debt reduced by R253,95 million for the year ended 30 June 2011. The Entity repaid interest-bearing debt of R263,68 million for the financial year under review.

Additional information regarding investments, cash and cash equivalents and loans are provided in notes 6, 11 and 12 as well as Appendix A to the consolidated annual financial statements.

CASH FLOW ANALYSIS

The following table shows information regarding the Entity's consolidated cash flows for the year under review.

	2011 R'million	2010 R'million
Cash from operating activities	3 703	3 713
Cash from investing activities	(4 793)	(3 407)
Cash from financing activities	(260)	1 587

Cash flows from operating activities

The Entity's sources of liquidity are cash flows from operating activities and borrowings. Cash flows from operating activities decreased from R3,71 billion to R3,70 billion, primarily due to the increased finance costs to fund the 2010 infrastructure investments. The Entity's working capital requirements have steadily increased over the years and are expected to be funded by cash generated from operations, with no shortfall being funded from short-term borrowings.

Cash flows from investing activities

Cash flows from investing activities relate primarily to investments in capital expenditure and short-term investments of longer than three months. Excluding the short-term investments, the decrease in cash flows used in investing activities in the 2011 financial year was as a result of the reduction in grant-funded capital expenditure.

Cash flows from financing activities

In the 2011 financial year cash flows from financing activities were primarily due to the repayment of loans.

Report by the Chief Financial Officer

CREDIT RATING

The Entity is rated by Moody's Investors Service. During the year under review, Moody's retained their rating and outlook for the Entity as Aa2.za stable outlook. However, during November 2011, Moody's amendment of the country's sovereign rating outlook, from stable to negative, has had a knock-on effect on the City's outlook, which has now also been downgraded from stable to negative. To monitor its credit rating and capacity for long-term financing, the City considers various qualitative and quantitative factors. As at 30 June 2011 and 30 June 2010, the gearing ratio, which is net debt divided by total capital plus net debt, was 21,90% and 25,49% respectively. For the purpose of this calculation, net debt is defined in note 45.4 of the consolidated annual financial statements.

EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to the Executive Mayor, the Mayoral Committee, the Chairperson and members of the Finance Portfolio Committee, the Audit Committee, the Standing Committee of Public Accounts (SCOPA), the City Manager and Executive Management Team for their support and cooperation during the year.

A special word of gratitude goes to all financial staff, especially the accounting staff, for their contribution, and to the staff of the Auditor-General, the auditors appointed by him, as well as their staff, for conducting the external audit and for their assistance, support and cooperation during the year.

Finally, a further word of thanks to everybody for the months of hard work, sacrifices and concerted effort during the year to enable the Entity to finalise these consolidated annual financial statements within the prescribed period.



Mike Richardson
Chief Financial Officer

Statement of financial position as at 30 June 2011

	Note	Economic Entity		Municipality of Cape Town	
		2011 R'000	2010 R'000 Restated	2011 R'000	2010 R'000 Restated
ASSETS					
Non-current assets					
		22 028 520	20 617 038	21 882 359	20 470 323
Property, plant and equipment	1	21 659 720	20 133 732	21 474 791	19 948 249
Heritage assets	2	11 914	10 002	11 914	10 002
Investment property	3	84 999	87 060	84 999	87 060
Intangible assets	4	44 884	31 709	44 884	31 709
Investments	6	111 477	235 477	150 245	274 245
Long-term receivables	7	115 526	119 058	115 526	119 058
Current assets					
		9 616 637	8 620 943	9 455 320	8 468 192
Assets classified as held for sale	5	126	66	126	66
Inventory	8	236 634	199 558	235 249	197 080
Trade receivables	9	3 706 347	3 360 962	3 709 111	3 361 410
Other receivables	10	203 612	329 545	193 788	321 101
Investments	6	2 146 596	59 876	2 146 596	59 876
Current portion of long-term receivables	7	19 193	17 480	19 193	17 480
Cash and cash equivalents	11	3 304 129	4 653 456	3 151 257	4 511 179
TOTAL ASSETS		31 645 157	29 237 981	31 337 679	28 938 515
LIABILITIES					
Non-current liabilities					
		8 882 088	8 618 000	8 856 173	8 590 155
Long-term borrowings	12	5 361 398	5 559 646	5 343 836	5 541 041
Provisions	13	3 512 337	3 049 114	3 512 337	3 049 114
Deferred taxation	37	8 353	9 240	–	–
Current liabilities					
		5 943 541	5 534 253	5 893 533	5 492 569
Deposits	14	244 695	242 593	233 492	229 160
Provisions	15	770 144	741 818	767 671	739 446
Payables	16	3 356 178	3 084 475	3 321 917	3 062 887
Unspent conditional grants and receipts	17	1 207 732	1 048 440	1 207 732	1 048 440
VAT	18	57 368	51 161	57 368	51 161
Taxation		528	3 167	–	–
Current portion of long-term borrowings	12	306 896	362 599	305 353	361 475
Total liabilities		14 825 629	14 152 253	14 749 706	14 082 724
NET ASSETS					
Total net assets					
		16 819 528	15 085 728	16 587 973	14 855 791
Housing Development Fund	19	539 070	531 472	539 070	531 472
Reserves	20.1	1 771 534	1 839 091	1 771 534	1 839 091
Accumulated surplus	21	14 376 480	12 581 561	14 277 369	12 485 228
Non-controlling interest	20.2	132 444	133 604	–	–
TOTAL NET ASSETS AND LIABILITIES		31 645 157	29 237 981	31 337 679	28 938 515

Statement of financial performance for the year ended 30 June 2011

	Note	Economic Entity		Municipality of Cape Town	
		2011 R'000	2010 R'000 Restated	2011 R'000	2010 R'000 Restated
REVENUE					
Exchange revenue		11 702 140	10 140 432	11 471 238	9 923 838
Service charges	22	10 493 553	8 866 059	10 359 727	8 735 777
Rental of letting stock and facilities	23	250 316	267 023	250 316	267 023
Finance income	24	530 589	516 415	522 070	506 533
Licences and permits		37 645	33 054	37 645	33 054
Agency services		115 991	111 097	115 991	111 097
Other income	25	253 435	267 664	164 909	191 234
Gains on disposal of property, plant and equipment		20 611	79 120	20 580	79 120
Non-exchange revenue		8 822 470	8 568 121	8 909 448	8 641 221
City Improvement Districts (CIDs)	25	–	–	81 409	68 709
Property rates	26	4 524 363	3 837 920	4 529 932	3 841 314
Fuel levy		1 510 960	1 371 610	1 510 960	1 371 610
Fines		166 476	154 584	166 476	154 584
Government grants and subsidies	27	2 558 851	3 120 058	2 558 851	3 120 058
Public contributions	28	61 820	83 949	61 820	84 946
Total revenue		20 524 610	18 708 553	20 380 686	18 565 059
EXPENDITURE					
Employee-related costs	29	6 160 448	5 632 296	6 123 767	5 599 436
Remuneration of councillors	30	88 858	84 677	88 621	84 451
Impairment costs	31	799 494	684 377	783 092	681 312
Collection costs		174 755	167 822	174 755	167 822
Depreciation and amortisation expenses	32	1 283 682	1 011 918	1 262 100	991 349
Finance costs	33	719 170	645 427	717 475	643 495
Bulk purchases	34	4 620 165	3 636 889	4 620 165	3 636 889
Contracted services		2 081 964	1 965 717	2 010 269	1 895 231
Grants and subsidies paid	35	93 393	94 225	93 382	94 193
General expenses	36	2 758 724	2 613 966	2 771 349	2 620 543
Loss on disposal of property, plant and equipment		3 702	3 437	3 529	3 076
Total expenditure		18 784 355	16 540 751	18 648 504	16 417 797
Surplus		1 740 255	2 167 802	1 732 182	2 147 262
Taxation	37	(6 455)	(5 539)	–	–
Surplus after taxation		1 733 800	2 162 263	1 732 182	2 147 262
Attributable to owners of the controlling entity		1 734 960	2 155 216		
Attributable to non-controlling interest	20.2	(1 160)	7 047		
SURPLUS FOR THE YEAR		1 733 800	2 162 263		

Statement of changes in net assets for the year ended 30 June 2011

Economic Entity

	Housing development fund	Capital replacement reserve	Self-insurance reserve	Accumulated surplus	Non-controlling interest	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2009						
Balance as at 30 June 2009	510 851	1 042 091	734 458	10 346 931	127 072	12 761 403
Restatement of assets	–	–	–	(519)	(515)	(1 034)
Fair value adjustment	–	–	–	7 988	–	7 988
Adjustment of VAT liability	–	–	–	155 108	–	155 108
	510 851	1 042 091	734 458	10 509 508	126 557	12 923 465
2010						
Restated surplus at 1 July 2010	–	–	–	2 155 216	7 047	2 162 263
Surplus at 30 June 2010 – previously reported	–	–	–	2 114 472	7 100	–
Restatement due to asset reassessment	–	–	–	(54)	(53)	–
Correction of errors – refer note 46.3	–	–	–	41 955	–	–
Fair value adjustments	–	–	–	(1 157)	–	–
Transfer to/(from)	49 247	948 473	(76 283)	(921 437)	–	–
Property, plant and equipment purchased	(28 626)	(809 648)	–	838 274	–	–
Balance as at 30 June 2010 – refer note 46	531 472	1 180 916	658 175	12 581 561	133 604	15 085 728
2011						
Net surplus for the year	–	–	–	1 734 960	(1 160)	1 733 800
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	–	–
Property, plant and equipment purchased	(22 855)	(565 040)	–	587 895	–	–
Balance as at 30 June 2011	539 070	1 186 371	585 163	14 376 480	132 444	16 819 528

Municipality of Cape Town

	Housing development fund	Capital replacement reserve	Self-insurance reserve	Accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
2009					
Balance at 30 June 2009	510 851	1 042 091	734 458	10 258 033	12 545 433
Fair value adjustment	–	–	–	7 988	7 988
Adjustment of VAT liability	–	–	–	155 108	155 108
	510 851	1 042 091	734 458	10 421 129	12 708 529
2010					
Restated surplus at 1 July 2010	–	–	–	2 147 262	2 147 262
Surplus at 30 June 2010 – previously reported	–	–	–	2 105 574	–
Correction of errors – refer note 46.3	–	–	–	42 845	–
Fair value adjustments	–	–	–	(1 157)	–
Transfer to/(from)	49 247	948 473	(76 283)	(921 437)	–
Property, plant and equipment purchased	(28 626)	(809 648)	–	838 274	–
Balance at 30 June 2010 – refer note 46	531 472	1 180 916	658 175	12 485 228	14 855 791
2011					
Net surplus for the year	–	–	–	1 732 182	1 732 182
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	–
Property, plant and equipment purchased	(22 855)	(565 040)	–	587 895	–
Balance at 30 June 2011	539 070	1 186 371	585 163	14 277 369	16 587 973

Cash flow statement for the year ended 30 June 2011

	Note	Economic Entity		Municipality of Cape Town	
		2011 R'000	2010 R'000 Restated	2011 R'000	2010 R'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		19 157 926	17 107 099	19 021 927	16 973 371
Cash paid to suppliers and employees		(15 245 924)	(13 251 309)	(15 163 792)	(13 151 987)
Cash generated from operations	38	3 912 002	3 855 790	3 858 135	3 821 384
Finance income		512 376	509 915	503 857	500 033
Finance costs		(710 888)	(645 427)	(717 475)	(643 495)
Taxation		(9 981)	(7 361)	–	–
NET CASH FROM OPERATING ACTIVITIES		3 703 509	3 712 917	3 644 517	3 677 922
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment		(2 895 348)	(4 677 480)	(2 857 761)	(4 663 925)
Proceeds on disposal of assets		63 604	82 783	63 278	82 380
(Increase) in assets held for sale		(60)	(66)	(60)	(66)
Decrease in non-current receivables		1 819	42 673	1 819	42 673
(Increase)/decrease in investments		(1 962 720)	1 145 441	(1 962 720)	1 145 441
NET CASH FROM INVESTING ACTIVITIES		(4 792 705)	(3 406 649)	(4 755 444)	(3 393 497)
CASH FLOW FROM FINANCING ACTIVITIES					
New loans raised and interest capitalised		335	2 125 098	–	2 124 731
Loans repaid		(262 568)	(525 012)	(253 327)	(524 137)
Increase/(decrease) in consumer deposits		2 102	(11 424)	4 332	(6 366)
NET CASH FROM FINANCING ACTIVITIES		(260 131)	1 588 662	(248 995)	1 594 228
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	39	(1 349 327)	1 894 930	(1 359 922)	1 878 653
Cash and cash equivalents at the beginning of the year		4 653 456	2 758 526	4 511 179	2 632 526
Cash and cash equivalents at the end of the year		3 304 129	4 653 456	3 151 257	4 511 179

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

	Note	Actual expenditure R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION						
41.2.1						
Total non-current assets		22 028 520	23 960 664	22 456 571	428 051	1,91
Total current assets	i	9 616 637	6 785 281	7 058 692	(2 557 945)	(36,24)
Total assets		31 645 157	30 745 945	29 515 263	(2 129 894)	(7,22)
Total non-current liabilities		8 882 088	9 724 720	8 734 846	(147 242)	(1,69)
Total current liabilities	ii	5 943 541	4 991 398	4 296 409	(1 647 132)	(38,34)
Total liabilities		14 825 629	14 716 118	13 031 255	(1 794 374)	(13,77)
Total net assets		16 819 528	16 029 827	16 484 008	(335 520)	(2,04)
Total net assets and liabilities		31 645 157	30 745 945	29 515 263	(2 129 894)	(7,22)
STATEMENT OF FINANCIAL PERFORMANCE						
41.2.2						
Service charges		10 493 553	10 746 478	10 734 377	240 824	2,24
Rental of letting stock and facilities		250 316	244 503	250 087	(229)	(0,09)
Finance income	i	530 589	433 214	429 678	(100 911)	(23,49)
Licences and permits	ii	37 645	28 764	28 764	(8 881)	(30,88)
Agency services		115 991	115 993	115 993	2	-
Other income		253 435	1 760 230	260 522	7 087	2,72
Gains on disposal of property, plant and equipment	iii	20 611	310 444	293 967	273 356	92,99
Property rates	iv	4 524 363	4 286 860	4 286 860	(237 503)	(5,54)
Fuel levy		1 510 960	1 510 960	1 510 960	-	-
Fines		166 476	180 569	174 769	8 293	4,74
Government grants and subsidies	v	2 558 851	1 603 122	3 223 901	665 050	20,63
Public contributions	vi	61 820	64 379	88 284	26 464	29,98
Total revenue		20 524 610	21 285 516	21 398 162	873 552	4,08
Employee-related costs		6 160 448	6 533 950	6 347 028	186 580	2,94
Remuneration of councillors		88 858	92 666	92 522	3 664	3,96
Impairment costs	i	799 494	967 958	1 004 115	204 622	20,38
Collection costs	ii	174 755	190 447	188 693	13 938	7,39
Depreciation and amortisation expenses		1 283 682	1 213 199	1 249 777	(33 905)	(2,71)
Finance costs	iii	719 170	739 507	780 723	61 553	7,88
Bulk purchases		4 620 165	4 738 992	4 656 592	36 427	0,78
Contracted services		2 081 964	2 108 941	1 993 216	(88 748)	(4,45)
Grants and subsidies paid		93 393	44 557	96 240	2 847	2,96
General expenses	iv	2 758 724	2 979 497	3 198 804	440 080	13,76
Loss on disposal of property, plant and equipment		3 702	-	-	(3 702)	-
Total expenditure		18 784 355	19 609 714	19 607 710	823 356	4,20
Net surplus for the year		1 740 255	1 675 802	1 790 452	50 198	2,80
CASH FLOW STATEMENT						
41.2.3						
Net cash from (used) operating	i	3 703 509	2 892 220	1 605 967	(2 097 542)	(130,61)
Net cash from (used) investing	ii	(4 792 705)	(3 407 165)	(2 959 108)	1 833 597	(61,96)
Net cash from (used) financing	iii	(260 131)	861 277	(239 807)	20 324	(8,47)
Net (decrease)/increase in cash and cash equivalents		(1 349 327)	346 332	(1 592 948)	(243 621)	15,29
CAPITAL EXPENDITURE						
41.2.4						
Executive and council		7 960	6 516	8 153	193	2,37
Budget and treasury office	i	11 787	7 626	13 430	1 643	12,23
Corporate services		150 457	140 891	157 344	6 887	4,38
Planning and development	ii	31 338	49 507	33 582	2 244	6,68
Health	iii	12 352	11 984	16 893	4 541	26,88
Community and social services	iv	59 321	67 132	87 440	28 119	32,16
Public safety	v	67 522	90 899	87 298	19 776	22,65
Sport and recreation ¹	vi	169 973	259 313	236 510	66 537	28,13
Environmental protection	vii	7 017	24 669	11 053	4 036	36,51
Road transport	viii	713 944	800 352	1 133 820	419 876	37,03
Housing	ix	321 970	620 708	453 574	131 604	29,01
Waste management	x	421 395	610 846	516 293	94 898	18,38
Water	xi	177 559	195 951	193 194	15 635	8,09
Electricity	xii	704 756	718 471	774 760	70 004	9,04
Other	xiii	37 997	18 173	35 573	(2 424)	(6,81)
Total		2 895 348	3 623 038	3 758 917	863 569	22,97

1. The final approved budget amount does not include a disputed amount due in terms of a completed project of R270 million. For further details, please see note 48.2.

GENERAL INFORMATION

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 46, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

Basis of presentation

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

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

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

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

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

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

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

- **Impairment of trade receivables**

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

- **Property, plant and equipment**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to

determine the optimum useful-life expectation, where appropriate. The estimate of residual values of assets is also based on management's judgement on whether the assets will be sold or used to the end of their useful lives and what their condition will be at that time.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in notes 13 and 48.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial assumptions.

- **Budget information**

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

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

Adoption of new and revised standards

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

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

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

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

Accounting policies for the year ended 30 June 2011

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements, firstly stating reasons for overall growth or decline in the budget and, secondly, motivating overspending or underspending on line items.

The annual budget figures included in the financial statements are for the Entity. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP).

CONSOLIDATION

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

Subsidiaries

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

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

Departure from accounting framework

The Khayelitsha Community Trust (KCT) has been excluded from the City's consolidated annual financial statements in terms of GRAP 1, paragraph .25, which stipulates that where, in the opinion of the City, its inclusion in the consolidation "would be so misleading that it would conflict with the objectives of the financial statements", the Entity should depart from such requirement.

The KCT was founded with the sole aim of developing the Khayelitsha central business district (KBD) for the benefit of the beneficiaries of the KCT, namely the community of Khayelitsha. The City has no claim to the assets or revenue of KCT and its beneficiaries, neither is it liable for any of the liabilities of the KCT. The ambit of the KCT's activities does not fall within the City's mandatory powers and functions.

The establishment of the KCT assisted by the City was prior to the promulgation of the Municipal Systems Amendment Act, and, with the enactment of the Amendment Act, the KCT was deemed to be a municipal entity. The basis of the City's opinion is the inclusion of the KCT's assets and liabilities in the consolidation, which would be misleading. While the City has complied with all the applicable standards of GRAP, this departure from GRAP 6 was necessary to achieve a fair presentation of the City's financial position, financial performance and cash flows, as also contemplated in section 122(1)a of the Municipal Finance Management Act.

In conclusion, the City has already started a process that will result in the deproclamation of the KCT as a municipal entity, and which has already been approved by the Mayoral Committee.

Details of the financial results from the latest available audited financial statements are summarised below:

Entity	Khayelitsha Community Trust R'000	KBD Manage- ment (estimated) R'000	KBD Retail Property (estimated) R'000	KBD Housing (estimated) R'000
Total assets	7 891	402	92 346	0,3
Total liabilities	3 806	831	112 299	49,4
Net assets	4 085	(429)	(19 953)	(49,1)
Total revenue	10 061	146	21 596	–
Total expenditure	9 570	208	26 652	42,4

RESERVES

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

Capital replacement reserve (CRR)

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

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

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

Insurance reserve

• Self-insurance reserve

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

Accounting policies for the year ended 30 June 2011

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

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

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

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

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

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

HOUSING FUNDS

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

Housing Development Fund

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

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

Unrealised housing proceeds

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

Depreciation rates

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

	Years		Years
Infrastructure		Other	
Roads and paving	10 – 50	Buildings	6 – 50
Electricity	20 – 30	Specialist vehicles	10 – 20
Water	15 – 30	Other vehicles	4 – 8
Sewerage	15 – 20	Office equipment	3 – 10
Housing	30	Furniture and fittings	6 – 10
		Watercraft	10
Community		Bins and containers	5
Recreational facilities	20 – 30	Plant and equipment	5 – 10
Security	5 – 10	Landfill sites	30
		Central processing units	4

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

Accounting policies for the year ended 30 June 2011

Heritage assets

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

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

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

Investment properties

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

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

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

Intangible assets

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

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

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

Non-current assets held for sale

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

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

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

Impairment of cash and non-cash-generating assets

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

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

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

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

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

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

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

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, but so that the

increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FINANCIAL INSTRUMENTS

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

Financial assets

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

- **Investments at fair value**

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

- **Investments at amortised cost**

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

- **Investments at cost**

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

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

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

Financial liabilities

After initial recognition, the Entity measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing

external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

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

Trade payables and other

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

Trade and other receivables

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

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

INVENTORIES

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

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

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

REVENUE RECOGNITION

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

Revenue from exchange transactions

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

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

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

Revenue from non-exchange transactions

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

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.

Donations are recognised on a cash receipt basis, or at fair value or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.

OFFSETTING

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

CONDITIONAL GRANTS AND RECEIPTS

Income received from conditional grants, donations and subsidies is recognised in so far as the Entity has complied with any of the criteria, conditions or obligations embodied in the applicable agreement. In so far as the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until they are utilised.

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

Grants and receipts of a revenue nature

Income is transferred to the statement of financial performance as revenue in so far as the criteria, conditions or obligations have been met.

Grants and receipts of a capital nature

Income is transferred to the statement of financial performance in so far as the criteria, conditions or obligations have been met.

PROVISIONS

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

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

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

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

CASH AND CASH EQUIVALENTS

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

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

EMPLOYEE BENEFITS

Retirement benefit plans

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

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

Post-retirement pension funds

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

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

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

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

Medical aid: continued members

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

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

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

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year they occur. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits

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

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

LEASES

The Entity as lessee

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

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

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

The Entity as lessor

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

GRANTS-IN-AID

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

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

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

VALUE-ADDED TAX

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

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, the Municipal Systems Act (Act 32 of 2000), and the Public Office-bearers Act (Act 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

FOREIGN-CURRENCY TRANSACTIONS

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

BORROWING COSTS

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

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

COMPARATIVE INFORMATION

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

1. PROPERTY, PLANT AND EQUIPMENT
Economic Entity

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2011							
Land and buildings	1 823 409	202 606	125 292	(395)	(91 825)	(9 866)	2 049 221
Infrastructure	10 259 317	(37 920)	1 832 881	(1)	(475 869)	–	11 578 408
Community	5 042 870	45 817	216 014	–	(232 331)	–	5 072 370
Leased assets	113 735	(34 955)	–	–	(13 188)	–	65 592
Other	2 272 944	(198 856)	699 216	(43 627)	(431 002)	(16 092)	2 282 583
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	–	611 546
Total	20 133 732	(15 576)	2 885 024	(46 625)	(1 270 877)	(25 958)	21 659 720

(See Appendix B for more details)

As at 30 June 2010

Land and buildings	1 769 547	(25 942)	227 789	(679)	(95 272)	(52 034)	1 823 409
Infrastructure	8 440 973	(510 819)	2 697 418	–	(368 255)	–	10 259 317
Community	3 778 151	540 008	853 099	–	(128 388)	–	5 042 870
Leased assets	133 704	–	–	–	(19 969)	–	113 735
Other	1 759 793	(4 752)	883 413	(5 337)	(360 167)	(6)	2 272 944
Housing rental stock	641 140	–	7 235	(452)	(26 466)	–	621 457
Total	16 523 308	(1 505)	4 668 954	(6 468)	(998 517)	(52 040)	20 133 732

Municipality of Cape Town

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2011							
Land and buildings	1 675 651	201 077	110 386	(241)	(78 201)	(9 866)	1 898 806
Infrastructure	10 259 317	(37 920)	1 832 881	(1)	(475 869)	–	11 578 408
Community	5 042 870	45 817	216 014	–	(232 331)	–	5 072 370
Leased assets	113 735	(34 955)	–	–	(13 188)	–	65 592
Other	2 235 219	(197 327)	676 535	(43 314)	(423 044)	–	2 248 069
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	–	611 546
Total	19 948 249	(15 576)	2 847 437	(46 158)	(1 249 295)	(9 866)	21 474 791

As at 30 June 2010

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

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

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

Fully depreciated assets at an original cost of R1,94 billion are still currently in use.

The annual review of the useful lives of assets resulted in an increase in the depreciation charge to the statement of financial performance of R17,20 million.

2. HERITAGE ASSETS

	Economic Entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
As at 30 June 2011					
Assets under construction	1 660	(9)	1 901	–	3 552
Paintings and art galleries	8 342	–	30	(10)	8 362
Total	10 002	(9)	1 931	(10)	11 914

(See Appendix B for more details)

As at 30 June 2010					
Assets under construction	1 722	(600)	538	–	1 660
Paintings and art galleries	7 718	600	60	(36)	8 342
Total	9 440	–	598	(36)	10 002

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
As at 30 June 2011					
Assets under construction	1 660	(9)	1 901	–	3 552
Paintings and art galleries	8 342	–	30	(10)	8 362
Total	10 002	(9)	1 931	(10)	11 914

As at 30 June 2010					
Assets under construction	1 722	(600)	538	–	1 660
Paintings and art galleries	7 718	600	60	(36)	8 342
Total	9 440	–	598	(36)	10 002

3. INVESTMENT PROPERTY

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

(See Appendix B for more details)

As at 30 June 2010				
Vacant land	38 366	–	–	38 366
Land and buildings	53 180	(22)	(4 464)	48 694
Total	91 546	(22)	(4 464)	87 060

3. INVESTMENT PROPERTY continued

	Municipality of Cape Town			
	Opening balance R'000	Transfers/ adjustments R'000	Depreciation R'000	Carrying value R'000
As at 30 June 2011				
Vacant land	38 366	–	–	38 366
Land and buildings	48 694	537	(2 598)	46 633
Total	87 060	537	(2 598)	84 999
As at 30 June 2010				
Vacant land	38 366	–	–	38 366
Land and buildings	53 180	(22)	(4 464)	48 694
Total	91 546	(22)	(4 464)	87 060

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

4. INTANGIBLE ASSETS

	Economic Entity				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2011					
Computer software (acquired separately) (See Appendix B for more details)	31 709	14 989	8 393	(10 207)	44 884
As at 30 June 2010					
Computer software (acquired separately)	32 821	(102)	7 927	(8 937)	31 709
	Municipality of Cape Town				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2011					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884
As at 30 June 2010					
Computer software (acquired separately)	32 821	(102)	7 927	(8 937)	31 709

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

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

5. ASSETS CLASSIFIED AS HELD FOR SALE

	Economic Entity			
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
As at 30 June 2011				
Land held for sale (See Appendix B for more detail)	66	61	(1)	126
As at 30 June 2010				
Land held for sale	–	66	–	66

	Municipality of Cape Town			
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
As at 30 June 2011				
Land held for sale	66	61	(1)	126
As at 30 June 2010				
Land held for sale	–	66	–	66

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

6. INVESTMENTS

6.1 Amortised cost

	Economic Entity		Municipality of Cape Town	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
	1 755 671	3 272 810	1 634 813	3 155 353
RSA Government stock	48 472	42 826	48 472	42 826
Sinking-fund deposits – see note 40	113 233	248 387	113 233	248 387
Other fixed deposits	1 593 966	2 981 597	1 473 108	2 864 140
	(1 644 194)	(3 037 333)	(1 523 336)	(2 919 876)
Provision for impairment	(9 616)	(9 616)	(9 616)	(9 616)
Current portion included in short-term investments	(50 294)	(55 800)	(50 294)	(55 800)
Call and term deposits included in cash and cash equivalents – see note 11	(1 584 284)	(2 971 917)	(1 463 426)	(2 854 460)
Total at amortised cost	111 477	235 477	111 477	235 477

Collateral deposits for staff housing loans

Included in other fixed deposits above are fixed deposits with a carrying value of R0,47 million (2010: R0,47 million), which were pledged as security deposits for securing staff home loans with financial institutions.

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

6.2 Fair value

	3 638 038	1 522 542	3 638 038	1 522 542
Sinking-fund deposits – see note 40	363 765	–	363 765	–
Deposits held with fund managers	3 274 273	1 522 542	3 274 273	1 522 542
	(3 638 038)	(1 522 542)	(3 638 038)	(1 522 542)
Current portion included in short-term investments	(2 096 302)	(4 076)	(2 096 302)	(4 076)
Call and term deposits included in cash and cash equivalents – see note 11	(1 541 736)	(1 518 466)	(1 541 736)	(1 518 466)
Total at fair value	–	–	–	–

6. INVESTMENTS continued

6.3 Cost

Cape Town International Convention Centre (Pty) Ltd
Original investment at cost
Provision for impairment

Economic Entity		Municipality of Cape Town	
2011	2010	2011	2010
R'000	R'000	R'000	R'000
-	-	38 768	38 768
-	-	284 000	284 000
-	-	(245 232)	(245 232)

Cape Town Community Housing Company (Pty) Ltd
Original investment at cost
Provision for impairment

-	-	-	-
2 500	2 500	2 500	2 500
(2 500)	(2 500)	(2 500)	(2 500)

Total at cost

-	-	38 768	38 768
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Total

111 477	235 477	150 245	274 245
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6.4 Short-term investments

Investment at amortised cost
Investment at fair value

50 294	55 800	50 294	55 800
2 096 302	4 076	2 096 302	4 076

Total

2 146 596	59 876	2 146 596	59 876
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TOTAL INVESTMENT

2 258 073	295 353	2 296 841	334 121
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7. LONG-TERM RECEIVABLES

Loans to employees
Sporting bodies
Housing land sales

-	12	-	12
1 363	1 519	1 363	1 519
1 104	1 184	1 104	1 184
23 798	25 485	23 798	25 485

Public organisations
Provision for impairment

28 657	30 175	28 657	30 175
(4 859)	(4 690)	(4 859)	(4 690)

108 454	108 338	108 454	108 338
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Housing selling developments
Provision for impairment

200 655	222 049	200 655	222 049
(92 201)	(113 711)	(92 201)	(113 711)

134 719	136 538	134 719	136 538
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Current portion transferred to current receivables

(19 193)	(17 480)	(19 193)	(17 480)
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Total

115 526	119 058	115 526	119 058
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Reconciliation of impairment provision

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

118 401	105 321	118 401	105 321
(21 510)	13 080	(21 510)	13 080
169	-	169	-

Balance as at 30 June

97 060	118 401	97 060	118 401
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Loans to employees

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

Sporting bodies

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

Public organisations

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

Housing selling development loans

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

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

8. INVENTORY

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Consumable stores	197 484	161 998	196 099	159 520
Medical supplies	492	918	492	918
Spare parts and meters	14 351	11 600	14 351	11 600
Water	18 293	13 312	18 293	13 312
Other goods held for resale	3 549	9 702	3 549	9 702
Green-electricity rights	2 465	2 028	2 465	2 028
Total	236 634	199 558	235 249	197 080

Inventory to the value of R1,24 million was scrapped during the year (2010: R806 334 was taken on). Inventories (excluding bulk water) that were recognised as issues during the year amounted to R659,04 million (2010: R640,76 million), of which a portion was capitalised. Green-electricity rights are rights to sell "green" units at "green" tariffs to consumers who request "green" electricity.

9. TRADE RECEIVABLES

	Economic Entity					
	As at 30 June 2011			As at 30 June 2010		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	5 522 855	(3 068 454)	2 454 401	4 890 699	(2 651 956)	2 238 743
Service debtors	4 592 489	(2 334 751)	2 257 738	3 982 011	(1 929 317)	2 052 694
Housing rental stock	421 713	(377 366)	44 347	393 706	(350 403)	43 303
Housing selling stock	389 461	(347 178)	42 283	392 659	(359 161)	33 498
Other exchange debtors	119 192	(9 159)	110 033	122 323	(13 075)	109 248
From non-exchange transactions	1 999 025	(747 079)	1 251 946	1 769 693	(647 474)	1 122 219
Rates debtors	1 939 105	(712 937)	1 226 168	1 721 724	(638 371)	1 083 353
Other non-exchange debtors	59 920	(34 142)	25 778	47 969	(9 103)	38 866
Total	7 521 880	(3 815 533)	3 706 347	6 660 392	(3 299 430)	3 360 962

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

	2011	2010
	R'000	R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	3 299 430	3 079 562
Contributions to provisions	785 503	597 548
Transfers to provisions	3 292	1 288
Bad debts written off	(272 692)	(378 968)
Balance as at 30 June	3 815 533	3 299 430

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

9. TRADE RECEIVABLES continued

		Economic Entity					
		Analysis of trade receivables' age in days					
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2011							
From exchange transactions							
Electricity	1 035 999	612 027	131 884	40 547	19 886	109 009	122 646
Provision for impairment	(144 384)	(14 566)	(3 139)	(965)	(473)	(2 595)	(122 646)
	891 615	597 461	128 745	39 582	19 413	106 414	–
Water	2 233 811	191 120	157 288	75 002	58 744	449 114	1 302 543
Provision for impairment	(1 438 228)	(27 846)	(22 917)	(10 927)	(8 559)	(65 436)	(1 302 543)
	795 583	163 274	134 371	64 075	50 185	383 678	–
Waste management	367 479	43 328	28 845	17 284	12 899	83 099	182 024
Provision for impairment	(194 023)	(2 803)	(1 866)	(1 118)	(835)	(5 377)	(182 024)
	173 456	40 525	26 979	16 166	12 064	77 722	–
Wastewater management	955 200	100 707	69 942	37 535	34 103	217 407	495 506
Provision for impairment	(558 116)	(13 716)	(9 526)	(5 112)	(4 645)	(29 611)	(495 506)
	397 084	86 991	60 416	32 423	29 458	187 796	–
Housing rental stock	421 713	23 432	12 033	9 295	9 204	80 422	287 327
Provision for impairment	(377 366)	(15 699)	(8 062)	(6 228)	(6 167)	(53 883)	(287 327)
	44 347	7 733	3 971	3 067	3 037	26 539	–
Housing selling stock	389 461	30 076	5 845	2 667	2 560	36 352	311 961
Provision for impairment	(347 178)	(13 254)	(3 061)	(1 225)	(1 175)	(16 502)	(311 961)
	42 283	16 822	2 784	1 442	1 385	19 850	–
Other exchange debtors	119 192	(26 927)	210 123	(16 594)	(10 479)	(37 514)	583
Provision for impairment	(9 159)	1 947	(15 192)	1 199	758	2 712	(583)
	110 033	(24 980)	194 931	(15 395)	(9 721)	(34 802)	–
Gross exchange debtors	5 522 855	973 763	615 960	165 736	126 917	937 889	2 702 590
Provision for impairment	(3 068 454)	(85 937)	(63 763)	(24 376)	(21 096)	(170 692)	(2 702 590)
From non-exchange transactions							
Rates debtors	1 939 105	480 935	270 028	108 203	45 160	392 267	642 512
Provision for impairment	(712 937)	(26 216)	(14 636)	(5 864)	(2 448)	(21 261)	(642 512)
	1 226 168	454 719	255 392	102 339	42 712	371 006	–
Other non-exchange debtors	59 920	13 566	3 448	3 505	867	6 401	32 133
Provision for impairment	(34 142)	(981)	(249)	(253)	(63)	(463)	(32 133)
	25 778	12 585	3 199	3 252	804	5 938	–
Gross non-exchange debtors	1 999 025	494 501	273 476	111 708	46 027	398 668	674 645
Provision for impairment	(747 079)	(27 197)	(14 885)	(6 117)	(2 511)	(21 724)	(674 645)
Gross debtors	7 521 880	1 468 264	889 436	277 444	172 944	1 336 557	3 377 235
Total provision for impairment	(3 815 533)	(113 134)	(78 648)	(30 493)	(23 607)	(192 416)	(3 377 235)
Total	3 706 347	1 355 130	810 788	246 951	149 337	1 144 141	–

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

9. TRADE RECEIVABLES continued

		Economic Entity					
		Analysis of trade receivables' age in days					
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2010							
From exchange transactions							
Electricity	906 308	490 221	146 027	45 551	15 506	93 490	115 513
Provision for impairment	(159 323)	(27 158)	(8 090)	(2 524)	(859)	(5 179)	(115 513)
	746 985	463 063	137 937	43 027	14 647	88 311	–
Water	1 954 152	170 486	157 278	81 446	51 802	397 252	1 095 888
Provision for impairment	(1 179 483)	(16 605)	(15 319)	(7 933)	(5 046)	(38 692)	(1 095 888)
	774 669	153 881	141 959	73 513	46 756	358 560	–
Waste management	319 525	31 118	25 961	14 511	8 933	71 002	168 000
Provision for impairment	(168 788)	(162)	(135)	(75)	(46)	(370)	(168 000)
	150 737	30 956	25 826	14 436	8 887	70 632	–
Wastewater management	802 026	83 954	70 905	39 542	24 314	189 467	393 844
Provision for impairment	(421 723)	(5 734)	(4 843)	(2 701)	(1 661)	(12 940)	(393 844)
	380 303	78 220	66 062	36 841	22 653	176 527	–
Housing rental stock	393 706	25 354	12 248	8 401	8 215	95 103	244 385
Provision for impairment	(350 403)	(18 001)	(8 696)	(5 965)	(5 833)	(67 523)	(244 385)
	43 303	7 353	3 552	2 436	2 382	27 580	–
Housing selling stock	392 659	24 498	7 327	2 934	2 643	30 375	324 882
Provision for impairment	(359 161)	(12 332)	(3 748)	(1 501)	(1 352)	(15 346)	(324 882)
	33 498	12 166	3 579	1 433	1 291	15 029	–
Other exchange debtors	122 323	(11 658)	152 955	(4 739)	(9 075)	(5 160)	–
Provision for impairment	(13 075)	1 441	(16 863)	566	1 022	759	–
	109 248	(10 217)	136 092	(4 173)	(8 053)	(4 401)	–
Gross exchange debtors	4 890 699	813 973	572 701	187 646	102 338	871 529	2 342 512
Provision for impairment	(2 651 956)	(78 551)	(57 694)	(20 133)	(13 775)	(139 291)	(2 342 512)
From non-exchange transactions							
Rates debtors	1 721 724	365 337	286 851	99 412	36 159	431 464	502 501
Provision for impairment	(638 371)	(40 748)	(31 955)	(11 074)	(4 028)	(48 065)	(502 501)
	1 083 353	324 589	254 896	88 338	32 131	383 399	–
Other non-exchange debtors	47 969	3 948	1 036	2 311	596	35 846	4 232
Provision for impairment	(9 103)	(440)	(115)	(257)	(66)	(3 993)	(4 232)
	38 866	3 508	921	2 054	530	31 853	–
Gross non-exchange debtors	1 769 693	369 285	287 887	101 723	36 755	467 310	506 733
Provision for impairment	(647 474)	(41 188)	(32 070)	(11 331)	(4 094)	(52 058)	(506 733)
Gross debtors	6 660 392	1 183 258	860 588	289 369	139 093	1 338 839	2 849 245
Total provision for impairment	(3 299 430)	(119 739)	(89 764)	(31 464)	(17 869)	(191 349)	(2 849 245)
Total	3 360 962	1 063 519	770 824	257 905	121 224	1 147 490	–

9. TRADE RECEIVABLES continued

Municipality of Cape Town

	As at 30 June 2011			As at 30 June 2010		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	5 522 855	(3 068 454)	2 454 401	4 890 699	(2 651 956)	2 238 743
Service debtors	4 592 489	(2 334 751)	2 257 738	3 982 011	(1 929 317)	2 052 694
Housing rental stock	421 713	(377 366)	44 347	393 706	(350 403)	43 303
Housing selling stock	389 461	(347 178)	42 283	392 659	(359 161)	33 498
Other exchange debtors	119 192	(9 159)	110 033	122 323	(13 075)	109 248
From non-exchange transactions	2 001 789	(747 079)	1 254 710	1 770 141	(647 474)	1 122 667
Rates debtors	1 941 869	(712 937)	1 228 932	1 722 172	(638 371)	1 083 801
Other non-exchange debtors	59 920	(34 142)	25 778	47 969	(9 103)	38 866
Total	7 524 644	(3 815 533)	3 709 111	6 660 840	(3 299 430)	3 361 410

	2011 R'000	2010 R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	3 299 430	3 079 562
Contributions to provisions	785 503	597 548
Transfers to/(from) provisions	3 292	1 288
Bad debts written off	(272 692)	(378 968)
Balance as at 30 June	3 815 533	3 299 430

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

9. TRADE RECEIVABLES continued

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

9. TRADE RECEIVABLES continued

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

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

10. OTHER RECEIVABLES

	Economic Entity					
	As at 30 June 2011			As at 30 June 2010		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	157 473	(61 316)	96 157	245 431	(54 369)	191 062
Payments made in advance	1 034	–	1 034	1 006	–	1 006
Property rentals	55 808	(54 527)	1 281	93 188	(47 210)	45 978
Other exchange debtors	100 631	(6 789)	93 842	151 237	(7 159)	144 078
From non-exchange transactions	107 455	–	107 455	138 483	–	138 483
Government subsidies	35 723	–	35 723	90 118	–	90 118
Other non-exchange debtors	71 732	–	71 732	48 365	–	48 365
Total	264 928	(61 316)	203 612	383 914	(54 369)	329 545

Included in other exchange debtors is an amount of R2,61 million (2010: R49,29 million) for value-added tax owed by the South African Revenue Service (SARS).

	2011 R'000	2010 R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	54 369	24 494
Contributions to provision	10 509	28 288
Transfer (from)/to provisions	(3 562)	1 793
Bad debts written off	–	(206)
Balance as at 30 June	61 316	54 369

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

	Economic Entity						
	Analysis of other receivables' age in days						
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2011							
From exchange transactions							
Payments made in advance	1 034	1 034	–	–	–	–	–
	1 034	1 034	–	–	–	–	–
Property rentals	55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment	(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
	1 281	1 281	–	–	–	–	–
Other exchange debtors	100 631	78 827	9 872	124	189	5 811	5 808
Provision for impairment	(6 789)	(1)	(109)	(12)	(13)	(846)	(5 808)
	93 842	78 826	9 763	112	176	4 965	–
Gross exchange debtors	127 473	83 605	17 696	2 005	1 537	(7 627)	60 257
Provision for impairment	(61 316)	(2 464)	(7 933)	(1 893)	(1 361)	12 592	(60 257)
From non-exchange transactions							
Government subsidies	35 723	24 225	6 047	1 206	375	3 870	–
Other non-exchange debtors	71 732	71 732	–	–	–	–	–
Gross non-exchange debtors	107 455	95 957	6 047	1 206	375	3 870	–
Gross debtors	264 928	179 562	23 743	3 211	1 912	(3 757)	60 257
Total provision for impairment	(61 316)	(2 464)	(7 933)	(1 893)	(1 361)	12 592	(60 257)
Total	203 612	177 098	15 810	1 318	551	8 835	–

10. OTHER RECEIVABLES continued

Economic Entity							
Analysis of other receivables' age in days							
Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000	
As at 30 June 2010							
From exchange transactions							
Payments made in advance	1 006	1 006	–	–	–	–	–
	1 006	1 006	–	–	–	–	–
Property rentals	93 188	47 424	(1 446)	1 701	569	11 646	33 294
Provision for impairment	(47 210)	–	–	(1 701)	(569)	(11 646)	(33 294)
	45 978	47 424	(1 446)	–	–	–	–
Other exchange debtors	151 237	123 539	16 690	4 158	387	4 013	2 450
Provision for impairment	(7 159)	(2)	(156)	(112)	(91)	(4 348)	(2 450)
	144 078	123 537	16 534	4 046	296	(335)	–
Gross exchange debtors	245 431	171 969	15 244	5 859	956	15 659	35 744
Provision for impairment	(54 369)	(2)	(156)	(1 813)	(660)	(15 994)	(35 744)
From non-exchange transactions							
Government subsidies	90 118	1 304	70 846	13 570	300	4 098	–
Other non-exchange debtors	48 365	48 365	–	–	–	–	–
Gross non-exchange debtors	138 483	49 669	70 846	13 570	300	4 098	–
Gross debtors	383 914	221 638	86 090	19 429	1 256	19 757	35 744
Total provision for impairment	(54 369)	(2)	(156)	(1 813)	(660)	(15 994)	(35 744)
Total	329 545	221 636	85 934	17 616	596	3 763	–

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

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

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

10. OTHER RECEIVABLES continued

		Municipality of Cape Town					
		Analysis of other receivables' age in days					
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2011							
From exchange transactions							
Payments made in advance	130	130	–	–	–	–	–
	130	130	–	–	–	–	–
Property rentals	55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment	(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
	1 281	1 281	–	–	–	–	–
Other exchange debtors	91 044	79 276	3 758	167	221	1 814	5 808
Provision for impairment	(6 122)	(1)	(45)	(12)	(13)	(243)	(5 808)
	84 922	79 275	3 713	155	208	1 571	–
Gross exchange debtors	146 982	83 150	11 582	2 048	1 569	(11 624)	60 257
Provision for impairment	(60 649)	(2 464)	(7 869)	(1 893)	(1 361)	13 195	(60 257)
From non-exchange transactions							
Government subsidies	35 723	24 225	6 047	1 206	375	3 870	–
Other non-exchange debtors	71 732	71 732	–	–	–	–	–
Gross non-exchange debtors	107 455	95 957	6 047	1 206	375	3 870	–
Gross debtors	254 437	179 107	17 629	3 254	1 944	(7 754)	60 257
Total provision for impairment	(60 649)	(2 464)	(7 869)	(1 893)	(1 361)	13 195	(60 257)
Total	193 788	176 643	9 760	1 361	583	5 441	–

		Analysis of other receivables' age in days					
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2010							
From exchange transactions							
Payments made in advance	117	117	–	–	–	–	–
	117	117	–	–	–	–	–
Property rentals	93 188	47 424	(1 446)	1 701	569	11 646	33 294
Provision for impairment	(47 210)	–	–	(1 701)	(569)	(11 646)	(33 294)
	45 978	47 424	(1 446)	–	–	–	–
Other exchange debtors	140 062	123 539	13 856	390	328	(501)	2 450
Provision for impairment	(3 539)	(2)	(98)	(112)	(91)	(786)	(2 450)
	136 523	123 537	13 758	278	237	(1 287)	–
Gross exchange debtors	233 367	171 080	12 410	2 091	897	11 145	35 744
Provision for impairment	(50 749)	(2)	(98)	(1 813)	(660)	(12 432)	(35 744)
From non-exchange transactions							
Government subsidies	90 118	1 304	70 846	13 570	300	4 098	–
Other non-exchange debtors	48 365	48 365	–	–	–	–	–
Gross non-exchange debtors	138 483	49 669	70 846	13 570	300	4 098	–
Gross debtors	371 850	220 749	83 256	15 661	1 197	15 243	35 744
Total provision for impairment	(50 749)	(2)	(98)	(1 813)	(660)	(12 432)	(35 744)
Total	321 101	220 747	83 158	13 848	537	2 811	–

11. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Bank balance	148 803	140 063	116 877	115 311
ABSA – Primary bank account	40-5658-4470	116 867	115 310	116 867
Salary bank account	40-5658-4496	–	–	–
Cashier's bank account	40-5658-4527	–	–	–
General income account (primary)	40-5658-4569	–	–	–
Traffic fines bank account	40-7261-8663	–	–	–
Integrated rapid transit funding account	5435522023983015	10	10	–
FNB – Traffic fines bank account	62073198816	–	1	–
Other – Subsidiaries	–	31 926	24 752	–
Year-end accruals	–	(194)	(10)	(194)
Interest accrual		291	564	291
Bank charges accrual		(485)	(574)	(485)
		148 609	140 053	116 683
		115 301	116 683	115 301
Cash on hand and in transit		29 500	23 020	29 412
Call and short-term deposits – see note 6		1 584 284	2 971 917	1 463 426
Amortised cost		1 762 393	3 134 990	1 609 521
		2 992 713	1 609 521	2 992 713
Call and short-term deposits – see note 6		1 541 736	1 518 466	1 541 736
Fair value		1 541 736	1 518 466	1 541 736
		1 518 466	1 541 736	1 518 466
Total		3 304 129	4 653 456	3 151 257
		4 511 179	3 151 257	4 511 179

Subsidiaries have separate bank accounts that are not listed separately.

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

12. LONG-TERM BORROWINGS

Local registered stock loans	4 278 903	4 278 977	4 278 903	4 278 977
Concessionary loans	30 357	33 243	30 357	33 243
Other loans	1 292 753	1 464 006	1 273 648	1 444 277
Finance leases	66 281	146 019	66 281	146 019
Subtotal – see Appendix A for more details	5 668 294	5 922 245	5 649 189	5 902 516
Current portion transferred to current liabilities	(306 896)	(362 599)	(305 353)	(361 475)
Total	5 361 398	5 559 646	5 343 836	5 541 041

The capitalised lease liabilities are secured by items of leased plant to the carrying value of R65,59 million (2010: R113,74 million). A total of R477,00 million (2010: R248,39 million) has been ring-fenced for the repayment of long-term liabilities – see notes 6 and 40 for more details.

Long-term borrowings can be detailed as follows:

Local registered stock
ABSA Investor Services

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

Listed bonds

In terms of the City's domestic medium-term note (DMTN) programme registered on the JSE Limited (JSE) unsecured bonds totalling R4,20 billion are listed. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. Certain bond-raising costs have been capitalised and off-set against the proceeds thereof, and are being written off over the periods of the respective bonds. Sinking funds have been established for the purpose of providing for the capital repayment at the dates of redemption.

4 278 903	4 278 977	4 278 903	4 278 977
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7 047	7 047	7 047	7 047
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4 271 856	4 271 930	4 271 856	4 271 930
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12. LONG-TERM BORROWINGS continued

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Concessionary loans	30 357	33 243	30 357	33 243
Development Bank of Southern Africa (DBSA)	30 343	33 231	30 343	33 231
An unsecured fixed-term concessionary loan repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.				
Nedcor Bank	14	12	14	12
An unsecured fixed-rate loan, interest payable annually, and loan capital repayable on 31 August 2019.				
Other loans	1 292 753	1 464 006	1 273 648	1 444 277
Development Bank of Southern Africa (DBSA)	731 991	827 884	731 991	827 884
Unsecured fixed-interest loans, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemptions, ranging from 30 June 2015 to 31 December 2022.				
FirstRand Bank	–	19 931	–	19 931
A structured 15-year loan to the value of R125 million, repayable semi-annually in equal instalments of capital and fixed-rate interest.				
As part of the loan structure, the Entity sold moveable assets with a market value of R125 million to FirstRand Bank. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable from 2009 to 2011. At the same time, the Entity lent R125 million to FirstRand Bank, repayable together with interest on the same dates and in the same amounts as the rental payable by the Entity under the lease agreement. The Entity ceded its rights under its loan to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness. This loan was repaid on 30 June 2011.				
FirstRand Bank	183 268	189 299	183 268	189 299
A structured 15-year loan to the value of R220 million, of which R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group.				
As part of the loan structure, the Entity purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the policies and any other debt liability.				

12. LONG-TERM BORROWINGS continued

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
FirstRand Bank	41 643	59 336	41 643	59 336
<p>A structured 15-year loan to the value of R150 million, repayable semi-annually in equal instalments of capital and fixed interest.</p> <p>As part of the loan structure, the Entity leased moveable electricity assets with a market value of R150 million to FirstRand Bank for 20 years. Rental was payable in three instalments from 1998 to 2000, with a nominal annual rental thereafter. The rentals have been payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable out of the deposit account from 2003 to 2013, which will reduce to zero on 30 June 2013. The Entity has ceded its rights to repayment of the deposit to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.</p>				
ABSA Bank	140 000	160 000	140 000	160 000
<p>An unsecured fixed-interest loan, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.</p>				
FirstRand Bank	176 746	187 827	176 746	187 827
<p>A structured 15-year loan to the value of R300 million, of which, R74,30 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,70 million payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.</p> <p>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 FutureGrowth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the put-option agreement and any other debt liability.</p>				
DBSA – Claremont Road Bypass Company	18 621	19 465	–	–
<p>Interest is charged at a nominal fixed rate of R186 plus 154 basis points per annum.</p> <p>Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009.</p> <p>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.</p> <p>The cedent, the company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.</p>				

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

12. LONG-TERM BORROWINGS continued

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Standard Bank Ltd – Epping CID	484	264	–	–
<p>The average lease term is three years, and the average effective borrowing rate was 12,79%.</p> <p>Interest rates are fixed at the contract date. All leases have fixed repayments, and no arrangements have been entered into for contingent rent.</p> <p>The Entity's obligations under finance leases are secured by the lessor's charge over the leased assets.</p>				
Finance leases	66 281	146 019	66 281	146 019
Nedbank	61 997	64 107	61 997	64 107
<p>A sale-and-leaseback, structured 15-year loan to the value of R55,30 million funded by Nedbank through an infrastructure trust. Lease rentals equating to fixed-rate interest are payable semi-annually over 15 years; a bullet rental amount of R55,30 million is payable on 2 January 2012 out of the proceeds of a sinking fund. The Entity deposits equal amounts with Nedbank semi-annually, which, together with compounded interest over 15 years, will equate to the original loan capital. The Entity has ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital.</p> <p>An additional floating-rate liability of R2,25 million (2010: R4,19 million) arising from a restructuring of the loan is repayable over the remaining life of the loan.</p>				
Investec	4 284	12 014	4 284	12 014
<p>A sale-and-leaseback, structured 15-year loan to the value of R54,80 million funded by Investec Bank. Lease rentals equating to loan fixed-rate interest plus capital are payable semi-annually over 15 years. Investec has granted the Entity the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The Entity has deposited with Investec an amount, which, together with compound interest, will equate to the option price payable on 31 December 2011.</p> <p>The Entity has ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.</p>				
Standard Corporate and Investment Bank (SCMB)	–	69 898	–	69 898
<p>A sale-and-leaseback, structured 15-year loan to the value of R59,30 million. The Entity sold moveable electricity assets to Standard Bank at the market value of R59,30 million. The Entity invested R5,80 million of the proceeds in a sinking-fund deposit, which, when compounded over 15 years at a fixed rate of interest, grew to the original loan capital amount. Standard Bank leased the assets back to the Entity, with rentals equating to the loan fixed-rate interest, payable annually over 15 years. A bullet rental amount of R59,30 million was paid on 24 June 2011 out of the sinking-fund deposit.</p>				
Total – see Appendix A for more details	5 668 294	5 922 245	5 649 189	5 902 516

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

13. PROVISIONS (NON-CURRENT)

	Economic Entity				Total R'000
	Environ- mental rehabili- tation R'000	Long- service leave benefits R'000	Post- retirement medical aid benefits R'000	Post- retirement pension benefits R'000	
As at 30 June 2011					
Balance at the beginning of the year	361 386	298 902	2 375 458	13 368	3 049 114
Interest cost	33 604	30 591	243 681	428	308 304
Service cost and transitional liability	(55 619)	22 565	50 846	1 401	19 193
Benefit payments	–	(34 528)	(114 570)	(1 607)	(150 705)
Actuarial (gain)/loss	–	(11 029)	302 782	2 360	294 113
Transferred from current provisions (prior year)	35 500	43 282	124 696	1 847	205 325
	374 871	349 783	2 982 893	17 797	3 725 344
Transfer to current provision	(32 000)	(37 489)	(141 553)	(1 965)	(213 007)
Total	342 871	312 294	2 841 340	15 832	3 512 337

	Municipality of Cape Town				Total R'000
	Environ- mental rehabili- tation R'000	Long- service leave benefits R'000	Post- retirement medical aid benefits R'000	Post- retirement pension benefits R'000	
As at 30 June 2011					
Balance at the beginning of the year	361 386	298 902	2 375 458	13 368	3 049 114
Interest cost	33 604	30 591	243 681	428	308 304
Service cost and transitional liability	(55 619)	22 565	50 846	1 401	19 193
Benefit payments	–	(34 528)	(114 570)	(1 607)	(150 705)
Actuarial (gain)/loss	–	(11 029)	302 782	2 360	294 113
Transferred from current provisions (prior year)	35 500	43 282	124 696	1 847	205 325
	374 871	349 783	2 982 893	17 797	3 725 344
Transfer to current provision	(32 000)	(37 489)	(141 553)	(1 965)	(213 007)
Total	342 871	312 294	2 841 340	15 832	3 512 337

Long-service leave benefits

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

Discount rate

The fund benefit liability as at 30 June 2011 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 8,16% per annum has been used.

Key financial assumptions

	2011	2010
	%	%
Discount rate	8,2	8,9
General inflation rate (consumer price index)	6,3	5,3
Salary increase	6,5	6,3

Environmental rehabilitation

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

Post-retirement medical aid and pension benefits

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

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

14. DEPOSITS

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Electricity and water	233 248	228 865	233 248	228 865
Other deposits	11 447	13 728	244	295
Total	244 695	242 593	233 492	229 160

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

15. PROVISIONS (CURRENT)

	Economic Entity				
	Opening balance 2011 R'000	Raised from statement of financial performance R'000	Reversed to statement of financial performance R'000	Transfers from non-current R'000	Closing balance 2011 R'000
As at 30 June 2011					
Other provisions	147 334	14 279	(12 396)	–	149 217
Insurance claims	5 992	4 986	(5 992)	–	4 986
Post-retirement benefits	126 543	–	(126 543)	143 518	143 518
Legal fees	2 803	2 003	(2 803)	–	2 003
Environmental rehabilitation	35 500	–	(35 500)	32 000	32 000
Leave benefits	421 326	20 419	(43 282)	37 489	435 952
Performance bonuses	2 320	2 468	(2 320)	–	2 468
Total	741 818	44 155	(228 836)	213 007	770 144

	Municipality of Cape Town				
	Opening balance 2011 R'000	Raised from statement of financial performance R'000	Reversed to statement of financial performance R'000	Transfers from non-current R'000	Closing balance 2011 R'000
As at 30 June 2011					
Other provisions	147 282	14 274	(12 344)	–	149 212
Insurance claims	5 992	4 986	(5 992)	–	4 986
Post-retirement benefits	126 543	–	(126 543)	143 518	143 518
Legal fees	2 803	2 003	(2 803)	–	2 003
Environmental rehabilitation	35 500	–	(35 500)	32 000	32 000
Leave benefits	421 326	20 419	(43 282)	37 489	435 952
Total	739 446	41 682	(226 464)	213 007	767 671

Insurance and COID claims

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

Legal fees

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

Staff leave

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

Performance bonuses

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance. The provision is an estimate of the amount due to staff in the service of Cape Town International Convention Centre (Pty) Ltd at the reporting date.

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Trade creditors	2 170 658	1 998 378	2 152 151	1 989 078
Payments received in advance	785 846	663 885	785 846	663 885
Inter-company advances	76 489	90 907	76 489	90 907
Third-party payments	215 034	187 675	215 034	187 675
Other creditors	108 151	143 630	92 397	131 342
Total	3 356 178	3 084 475	3 321 917	3 062 887

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

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

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

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

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

	1 122 148	949 826	1 122 148	949 826
Municipal infrastructure grant (MIG)	63 547	–	63 547	–
National Government	663 795	702 923	663 795	702 923
Provincial Government of the Western Cape (PGWC)	394 806	246 903	394 806	246 903

Other conditional receipts

Public contributions	85 584	98 614	85 584	98 614
Total	1 207 732	1 048 440	1 207 732	1 048 440

These amounts are separately invested in terms of section 12 of the Municipal Finance Management Act. See notes 27 and 28 for more details of grants from National and Provincial Government.

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

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

18. VAT

	273 431	244 911	273 431	244 911
VAT payable	435 785	406 598	435 785	406 598
Impairment	(162 354)	(161 687)	(162 354)	(161 687)
VAT receivable	(216 063)	(193 750)	(216 063)	(193 750)
Total	57 368	51 161	57 368	51 161

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

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

19. HOUSING DEVELOPMENT FUND

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Realised housing proceeds				
Balance at the beginning of the year	397 648	341 894	397 648	341 894
Income	54 437	106 309	54 437	106 309
Land sales	2 917	42 864	2 917	42 864
Repayments – long-term debtors	31 342	34 550	31 342	34 550
Repayments – public organisations	3 024	3 027	3 024	3 027
Service contributions	5 591	5 745	5 591	5 745
Subsidy refunds and other	11 563	20 123	11 563	20 123
Interest	21 761	23 023	21 761	23 023
Expenditure	(51 055)	(53 726)	(51 055)	(53 726)
Funding – capital projects	(22 855)	(28 626)	(22 855)	(28 626)
Funding – operating projects	(28 200)	(25 100)	(28 200)	(25 100)
Non-cash transfer to provision for impairment	(15 973)	(19 852)	(15 973)	(19 852)
Balance at the end of the year	406 818	397 648	406 818	397 648
Unrealised housing proceeds				
Balance at the beginning of the year	133 824	168 957	133 824	168 957
Loans realised	(22 914)	(22 053)	(22 914)	(22 053)
Long-term housing loans	(21 395)	(20 577)	(21 395)	(20 577)
Long-term loans – public organisations	(1 519)	(1 476)	(1 519)	(1 476)
Transfer to impairment provision – long-term selling schemes	21 510	(12 609)	21 510	(12 609)
Transfer to impairment provision – long-term public organisations	(168)	(471)	(168)	(471)
Balance at the end of the year	132 252	133 824	132 252	133 824
Total	539 070	531 472	539 070	531 472

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

20. RESERVES AND MINORITY INTEREST

20.1 Reserves

Capital replacement reserve (CRR)	1 186 371	1 180 916	1 186 371	1 180 916
Insurance reserve	585 163	658 175	585 163	658 175
Self-insurance reserve	534 055	612 654	534 055	612 654
COVID reserve	51 108	45 521	51 108	45 521
Total	1 771 534	1 839 091	1 771 534	1 839 091

The CRR and the self-insurance reserve are fully funded and invested in ring-fenced financial instruments.

20.2 Non-controlling interest

Balance at the beginning of the year	133 604	126 557
Share of net surplus attributable to non-controlling interest	(1 160)	7 047
Total	132 444	133 604

21. ACCUMULATED SURPLUS

Accumulated surplus	14 376 480	12 581 561	14 277 369	12 485 228
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Receipts from acquired grant-funded assets to the value of R10,57 billion (2010: R9,85 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

22. SERVICE CHARGES

Sale of electricity	6 807 930	5 659 845	6 815 178	5 665 721
Sale of water	1 648 459	1 482 819	1 649 307	1 483 354
Waste management (solid waste)	651 966	544 284	651 966	544 284
Wastewater management (sewerage and sanitation)	903 205	801 003	903 205	801 003
Other	481 993	378 108	340 071	241 415
Total	10 493 553	8 866 059	10 359 727	8 735 777

23. RENTAL OF LETTING STOCK AND FACILITIES

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Rental agreements	246 658	276 628	246 658	276 628
Hire/rentals	37 006	23 298	37 006	23 298
	283 664	299 926	283 664	299 926
Income forgone*	(33 348)	(32 903)	(33 348)	(32 903)
Total	250 316	267 023	250 316	267 023

24. FINANCE INCOME

Interest receivable – external investments	343 704	361 681	335 217	351 799
Interest receivable – outstanding debtors	230 391	212 978	230 391	212 978
	574 095	574 659	565 608	564 777
Interest transferred to external funds (conditional grants)	(50 404)	(62 622)	(50 404)	(62 622)
Net finance income	523 691	512 037	515 204	502 155
Gains on valuations of derivatives	–	4 378	–	4 378
Gains on foreign-exchange transactions	32	–	–	–
Gains on valuation of investments	6 866	–	6 866	–
Total	530 589	516 415	522 070	506 533

25. OTHER INCOME

Exchange transactions	253 435	267 664	164 909	191 234
Insurance recoveries	1 098	1 316	1 093	1 009
Bulk infrastructure levies	54 926	77 373	54 926	77 373
Skills development levy	17 647	18 437	17 647	18 437
City improvement districts (CIDs)	81 409	68 709	–	–
Other income	98 355	101 829	91 243	94 415
Non-exchange transactions	–	–	81 409	68 709
City improvement districts (CIDs)	–	–	81 409	68 709
Total	253 435	267 664	246 318	259 943

26. PROPERTY RATES

Actual					
Residential	}				
Commercial					
State					
Penalties					
		5 272 137	4 189 149	5 277 706	4 192 543
		94 168	86 889	94 168	86 889
		5 366 305	4 276 038	5 371 874	4 279 432
Income forgone*		(841 942)	(438 118)	(841 942)	(438 118)
Total		4 524 363	3 837 920	4 529 932	3 841 314
Valuations					
Rateable properties		772 100 106	609 172 811	772 100 106	609 172 811
Non-rateable properties		25 648 841	16 509 646	25 648 841	16 509 646
Total property valuations		797 748 947	625 682 457	797 748 947	625 682 457
Valuations as at July					
Residential		549 409 889	448 792 979	549 409 889	448 792 979
Commercial		172 957 965	126 484 355	172 957 965	126 484 355
Agriculture		8 784 443	3 147 331	8 784 443	3 147 331
State		42 907 205	32 762 683	42 907 205	32 762 683
Municipal		23 689 445	14 495 109	23 689 445	14 495 109
Total property valuations		797 748 947	625 682 457	797 748 947	625 682 457

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

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

27. GOVERNMENT GRANTS AND SUBSIDIES

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Unconditional grants	836 662	610 891	836 662	610 891
Equitable share	836 662	610 891	836 662	610 891
Conditional grants	1 722 189	2 509 167	1 722 189	2 509 167
Municipal infrastructure grant (MIG)	249 772	298 553	249 772	298 553
Provincial health subsidies	129 925	126 907	129 925	126 907
Cape Metropolitan Transport Fund (CMTF)	32 824	25 718	32 824	25 718
National projects	705 761	1 490 954	705 761	1 490 954
Provincial projects – other	592 282	546 910	592 282	546 910
Other	11 625	20 125	11 625	20 125
Total	2 558 851	3 120 058	2 558 851	3 120 058

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

Unconditional grants

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

Analysis of government grants and subsidies

Operating	1 385 536	1 179 201	1 385 536	1 179 201
Capital	1 173 315	1 940 857	1 173 315	1 940 857
	2 558 851	3 120 058	2 558 851	3 120 058

Municipal infrastructure grant projects

Balance unspent at the beginning of the year	–	–	–	–
Regrouping adjustment	70 407	91 224	70 407	91 224
Current-year receipts	(383 726)	(327 790)	(383 726)	(327 790)
Adjustments	–	8 420	–	8 420
Conditions met – transferred to revenue	249 772	298 553	249 772	298 553
Amounts still to be claimed	–	(70 407)	–	(70 407)
Conditions still to be met – transferred to liabilities – see note 17	(63 547)	–	(63 547)	–

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

Provincial health subsidies

Balance unspent at the beginning of the year	–	–	–	–
Current-year receipts – included in public health vote	(129 925)	(126 907)	(129 925)	(126 907)
Conditions met – transferred to revenue	129 925	126 907	129 925	126 907
Conditions still to be met – transferred to liabilities	–	–	–	–

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

Provincial projects and CMTF

Balance unspent at the beginning of the year	(246 903)	(249 851)	(246 903)	(249 851)
Regrouping adjustment	1 545	9 492	1 545	9 492
Current-year receipts	(719 762)	(510 714)	(719 762)	(510 714)
Interest earned	(6 597)	(8 260)	(6 597)	(8 260)
Adjustments	(18 241)	(57 903)	(18 241)	(57 903)
Conditions met – transferred to revenue	625 106	572 628	625 106	572 628
Amounts still to be claimed	(29 954)	(2 295)	(29 954)	(2 295)
Conditions still to be met – transferred to liabilities – see note 17	(394 806)	(246 903)	(394 806)	(246 903)

27. GOVERNMENT GRANTS AND SUBSIDIES continued

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

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

28. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections	40 383	32 395	40 383	32 395
Other	21 437	51 554	21 437	52 551
Total	61 820	83 949	61 820	84 946
Public contributions and other third-party funds				
Balance unspent at the beginning of the year	(98 614)	(99 663)	(98 614)	(99 663)
Regrouping adjustment	6 390	75	6 390	75
Current-year receipts	(44 529)	(50 934)	(44 529)	(50 934)
Interest earned	(1 372)	(1 838)	(1 372)	(1 838)
Adjustments	(3 509)	(29 396)	(3 509)	(29 396)
Conditions met – transferred to revenue	61 820	84 946	61 820	84 946
Amounts still to be claimed	(5 770)	(1 804)	(5 770)	(1 804)
Conditions still to be met – transferred to liabilities – see note 17	(85 584)	(98 614)	(85 584)	(98 614)

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

29. EMPLOYEE-RELATED COSTS

Salaries and wages	3 963 206	3 538 782	3 932 202	3 510 920
Social contributions – UIF*, pensions and medical aid	1 034 405	884 635	1 031 092	881 642
Travel, motor car, accommodation, subsistence and other allowances	273 051	252 200	273 051	252 200
Housing benefits and allowances	31 315	43 831	31 315	43 831
Overtime payments	277 658	261 101	277 174	260 781
Performance bonus – net contribution	1 880	1 685	–	–
Contribution: Post-retirement and long-service	600 062	669 586	600 062	669 586
	6 181 577	5 651 820	6 144 896	5 618 960
Expenditure recharged to capital projects	(21 129)	(19 524)	(21 129)	(19 524)
Total	6 160 448	5 632 296	6 123 767	5 599 436

* UIF = Unemployment Insurance Fund

29. EMPLOYEE-RELATED COSTS continued

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Performance bonus R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000
Remuneration of executives						
2011						
City Manager	1 940	1 334	375	–	217	14
Finance	1 550	957	305	117	171	–
Health	1 429	851	282	133	163	–
Integrated Human Settlement Services	1 517	1 051	298	–	168	–
Service Delivery Integration	–	–	–	–	–	–
Economic and Social Development	1 407	930	235	72	155	15
Safety and Security	1 313	931	149	95	138	–
Community Development	1 563	1 024	305	84	150	–
Corporate Services	1 597	1 069	298	60	159	11
Strategy and Planning	803	489	298	16	–	–
Transport, Roads and Stormwater	1 728	1 197	339	–	189	3
Utility Services	1 634	1 164	264	47	159	–
Internal Audit	1 440	1 086	281	72	1	–
Chief Executive Officer (CTICC)*	1 314	1 167	147	–	–	–
	19 235	13 250	3 576	696	1 670	43
2010						
City Manager	1 432	1 181	–	51	200	–
Finance	1 162	875	–	117	170	–
Health	1 112	774	44	133	161	–
Integrated Human Settlement Services	1 136	968	–	14	154	–
Service Delivery Integration	1 287	1 081	–	36	170	–
Economic and Social Development	1 067	852	–	72	143	–
Safety and Security	1 064	802	42	95	125	–
Community Development	1 162	940	–	84	138	–
Corporate Services	1 134	929	–	60	145	–
Strategy and Planning	1 135	1 084	–	49	2	–
Transport, Roads and Stormwater	943	846	–	–	97	–
Utility Services	1 209	1 011	–	48	150	–
Internal Audit	1 070	996	–	72	2	–
Chief Executive Officer (CTICC)*	1 114	1 013	101	–	–	–
	16 027	13 352	187	831	1 657	–

Economic Entity		Municipality of Cape Town	
2011	2010	2011	2010
R'000	R'000	R'000	R'000

30. REMUNERATION OF COUNCILLORS

Executive Mayor	971	853	971	853
Deputy Executive Mayor	766	672	766	672
Speaker	766	672	766	672
Chief Whip	719	631	719	631
Mayoral Committee members	6 497	6 522	6 497	6 522
Subcouncil chairpersons	15 117	14 617	15 117	14 617
Councillors	54 274	51 899	54 274	51 899
Councillors' pension contributions	9 511	8 585	9 511	8 585
Board members (CTICC)*	237	226	–	–
Total	88 858	84 677	88 621	84 451

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are employed full time, and have access to Council's vehicles for official functions.

Subcouncil chairpersons and full-time councillors are provided with an office and administrative and secretarial support at the cost of Council.

The Executive Mayor has two full-time bodyguards, and all councillors have access to security in terms of the councillors' security policy.

Councillors are provided with work stations/ward offices, which are appropriately equipped. Computers are provided to councillors, either in their offices or at their homes.

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

31. IMPAIRMENT COSTS

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Allowances for impairment losses	773 536	632 337	773 226	629 272
Impairment of property, plant and equipment	25 958	52 040	9 866	52 040
Total	799 494	684 377	783 092	681 312

32. DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipment	1 270 877	998 517	1 249 295	977 948
Depreciation of investment property	2 598	4 464	2 598	4 464
Amortisation of intangible assets	10 207	8 937	10 207	8 937
Total depreciation and amortisation expenses – see notes 1, 3, 4 and Appendix B	1 283 682	1 011 918	1 262 100	991 349
Grant-funded assets financed from reserves	(484 249)	(401 673)	(484 249)	(401 673)
Net total depreciation and amortisation	799 433	610 245	777 851	589 676

33. FINANCE COSTS

Interest expenses	685 283	602 522	638 588	600 751
Long-term borrowings (amortised cost)	663 565	578 250	661 870	576 479
Finance leases (amortised cost)	21 718	24 272	21 718	24 272
Unwinding of discount	33 604	42 513	33 604	42 513
Amortisation of bond issue expenses	283	226	283	226
Loss on foreign-exchange transactions	–	166	–	5
Total	719 170	645 427	717 475	643 495

34. BULK PURCHASES

Electricity	4 326 842	3 392 122	4 326 842	3 392 122
Water	293 323	244 767	293 323	244 767
Total	4 620 165	3 636 889	4 620 165	3 636 889

35. GRANTS AND SUBSIDIES PAID

Ad hoc	11	32	–	–
Community upliftment	9 315	5 882	9 315	5 882
Destination-marketing organisation, and tourism	–	57 900	–	64 766
Economic promotion and job creation	65 953	259	71 307	259
Educational institutions and health forums	–	1 779	–	1 779
Health and HIV/Aids/TB	1 204	1 553	1 204	1 553
Programmes, conferences and events	4 909	411	4 909	411
Senior citizens and disabled	456	–	456	–
Social arts, culture and other	5 647	6 466	5 647	6 466
Sporting bodies	544	4 232	544	4 232
Wesgro	–	8 845	–	8 845
Khayelitsha Community Trust	5 354	6 866	–	–
Total	93 393	94 225	93 382	94 193

36. GENERAL EXPENSES

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Chemicals	91 898	84 848	91 898	84 848
Communication and publication	28 515	32 620	26 255	30 376
Computer services and software	22 632	32 163	19 174	30 004
Consultants	145 448	149 848	141 440	146 373
Electricity – Eskom payments	71 025	52 774	70 981	52 740
Fuel	144 049	131 110	143 758	130 890
Furniture and fittings	15	–	15	–
Hire charges	119 064	134 562	118 739	134 211
Legal fees	36 294	28 680	35 941	28 424
Levy: Skills development	43 499	37 936	43 499	37 936
Licences and permits	70 869	63 322	70 869	63 322
Materials and consumables	298 897	302 682	279 307	286 488
City improvement districts (CIDs)	–	–	78 967	66 648
Minor tools and equipment	50 291	42 121	50 283	42 118
Pharmaceutical supplies	75 441	57 958	75 441	57 958
Postage and courier	25 993	26 294	25 973	26 254
Printing and stationery	57 496	63 614	56 958	63 133
Rental	64 085	54 145	62 849	52 158
Inventory: Taken on/scraping	1 243	(806)	1 243	(806)
Security services	276 722	252 718	272 550	248 389
Sewerage services – disposals external	35 209	25 344	35 209	25 344
Telecommunications	115 859	117 171	114 246	115 772
Training	53 728	59 297	52 179	58 585
Insurance: Claims	26 611	24 054	26 611	24 054
Insurance: Underwriting	26 217	22 447	26 217	22 447
Indigent relief	338 696	321 187	338 696	321 187
Contributions, transfers and other	542 181	500 358	515 304	474 171
	2 761 977	2 616 447	2 774 602	2 623 024
Expenditure recharged to capital projects	(3 253)	(2 481)	(3 253)	(2 481)
Total	2 758 724	2 613 966	2 771 349	2 620 543

37. TAXATION

Deferred taxation

Cape Town International Convention Centre (Pty) Ltd

Deferred income taxes are calculated on all temporary differences under the balance sheet method, using a tax rate of 28% (2010: 28%).

At the beginning of the year	9 240	11 050
Prior-period error adjustment	–	(402)
Correction deferred tax asset previous year	–	(42)
Temporary differences	(922)	(1 366)
At the end of the year	8 318	9 240

City improvement district

At the beginning of the year	–	–
Temporary differences	35	–
At the end of the year	35	–

The balance comprises

Capital allowance (non-deductible temporary differences)	8 318	9 240
Temporary differences on prepayments	30	–
Temporary differences on finance leases obligations	5	–
Total	8 353	9 240

Statement of financial performance charge

Taxation		
Current year: Cape Town International Convention Centre	6 426	5 546
City improvement districts	29	(7)
	6 455	5 539

38. CASH GENERATED FROM OPERATIONS

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Surplus for the year	1 740 255	2 167 802	1 732 182	2 147 262
Adjustment for:	2 495 911	1 999 312	2 467 771	1 983 409
Depreciation	1 283 682	1 011 918	1 262 100	991 349
Impairment	25 958	52 040	9 866	52 040
Gain and loss on disposal of assets	(16 909)	(75 683)	(17 051)	(76 044)
Loss on valuation of derivatives	–	(4 378)	–	(4 378)
Contribution to provisions	491 549	636 660	491 448	636 596
Contribution to impairment provision	523 050	249 743	526 003	246 884
Finance income	(530 589)	(516 415)	(522 070)	(506 533)
Finance costs	719 170	645 427	717 475	643 495
Operating surplus before working capital changes	4 236 166	4 167 114	4 199 953	4 130 671
(Increase)/decrease in inventories	(37 076)	1 791	(38 169)	3 209
Increase in trade receivables	(843 276)	(831 095)	(845 591)	(830 677)
Increase in other receivables	118 986	49 151	117 413	48 411
Increase in unspent conditional grants and receipts	159 292	158 619	159 292	158 619
Increase in payables	271 703	249 243	259 030	250 184
Increase in net VAT	6 207	60 967	6 207	60 967
Cash generated from operations	3 912 002	3 855 790	3 858 135	3 821 384

39. CASH AND CASH EQUIVALENTS

Balance at the end of the year	3 304 129	4 653 456	3 151 257	4 511 179
Balance at the beginning of the year	4 653 456	2 758 526	4 511 179	2 632 526
Net (decrease)/increase in cash and cash equivalents – see note 11	(1 349 327)	1 894 930	(1 359 922)	1 878 653

40. UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION

Long-term borrowings raised – see Appendix A	335	2 000 367	–	2 000 000
External finance fund (EFF) earmarked capital expenditure	(2 700 480)	(3 810 138)	(2 700 480)	(3 810 138)
2009/10 and prior years	(1 720 913)	(1 763 419)	(1 720 913)	(1 763 419)
2010/11	(979 567)	(2 046 719)	(979 567)	(2 046 719)
Total EFF (overdrawn)	(2 700 145)	(1 809 771)	(2 700 480)	(1 810 138)
Cash set aside for the repayment of long-term borrowings – see notes 6 and 12	476 998	248 387	476 998	248 387
Cash overdrawn	(2 223 147)	(1 561 384)	(2 223 482)	(1 561 751)

41. BUDGET INFORMATION

41.1 Explanation of variances between approved and final budget amounts

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

41.2 Explanation of variances greater than 5%: Final budget and actual amounts

41.2.1 Statement of financial position

- i) Current assets
The cash available was much higher than anticipated, inter alia due to the underspending of capital.
- ii) Current liabilities
The budgeted payables were lower than the actual payables, mainly due to payments in advance that were higher than anticipated.

41.2.2 Statement of financial performance

Revenue

- i) Finance income
The actual revenue from interest earned is the result of improved cash collection and the lower-than-planned spending, which resulted in larger-than-planned cash/investment balances.
- ii) Licences and permits
The variance is largely due to a higher-than-expected demand for driver's licences, learner's licences, certificates of roadworthiness and professional driving permits (PDPs).
- iii) Gains on disposal of property, plant and equipment (PPE)
The revenue from the disposal of PPE was largely influenced by the general economic climate and specifically on the sale of property. The response from the property industry was much lower than expected. A large number of properties were identified, approved for disposal and advertised per tender. A number of delays in the processes resulted in transactions not being finalised in the 2010/11 financial year and the final results will only be reflected in the 2011/12 financial year.
- iv) Property rates
The total rates billing was budgeted according to the valuations in the 2009 general valuation, taking into account valuations proposed by the objectors. The higher rates billed are due to the fact that a large number of objections resulted in higher valuations than proposed by the objectors. Actual income forgone is less than planned and mainly due to qualifying agricultural rebates being less than anticipated.
- v) Government grants and subsidies
The variance is a result of under-recovery (underspending) on grant-funded capital and operational projects in the Entity. The under-recovery is mainly due to delays in tender processes, community involvement and participation, contractor performance, and a slow implementation rate of projects.
- vi) Public contributions
The variance is a result of lower-than-planned public donations funded capital and operational projects in the Entity. The under-recovery is mainly due to delays in tender processes, community involvement and participation, contractor performance, and a slow implementation rate of projects.

Expenditure

- i) Impairment costs
The variance is mainly the result of improved collection ratios on rates and electricity, and lower-than-planned land purchases for housing development.
- ii) Collection costs
The variance is due to a lower-than-estimated tender price for commission payable to third-party collection agencies with regard to traffic fine income.
- iii) Finance costs
The variance is mainly due to a provision made for an additional bond to be taken up but not required as a result of the City's sound financial position.
- iv) General expenses
The lower-than-estimated expenditure against projects is mainly a result of delays in the implementation of various grant-funded projects.

41.2.3 Cash flow statement

- i) Net cash from operating activities
The variance is mainly due to government grants recognised being lower than expected due to the lower-than-expected capital expenditure.
- ii) Net cash from investing activities
The variance is mainly the result of the lower-than-expected capital expenditure.
- iii) Net cash from financing activities
No loans were taken up due to lower-than-expected capital expenditure.

41. BUDGET INFORMATION continued

41.2.4 Capital expenditure

- i) Budget and treasury office
Corporate contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled, as well as small amounts of savings being realised.
- ii) Planning and development
Disputed the last remaining works; late award of tender as well as rain delays during June; late change in the scope of the work programme activities resulted in extended project timeframes; contractor experienced financial difficulties resulting in the contract being cancelled and savings realised.
- iii) Health
Late arrival of donor funding as well as having received more in the current year than had been anticipated; community interference regarding the appointment of the community liaison officer, plans not approved by Building Control, despite it being submitted well in advance, the slow rate of progress on site by the contractor; Eskom could not complete installation at the facility because of a dispute with the City of Cape Town over the guarantee sum and, therefore, the contractor was unable to complete the electrical work; and savings realised.
- iv) Community and social services
Late arrival of donor funding; savings realised; late appointment of consultants; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; delay in contractor appointment and inclement weather; delays in obtaining way leaves; tender was not awarded due to insufficient information and motivation, which caused the matter to be referred back; Heritage Western Cape required a conservation plan to be submitted to them prior to any works or alterations can take place; delay in obtaining a surety from the contractor, and land issues.
- v) Public safety
Contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; savings realised; safety issues with respect to the structural-steel framework of the building; quality of workmanship; renegotiations required in order to finalise changes to the scope of work; outcome of tender appeal was only communicated to the Department on 28 June 2011.
- vi) Sport and recreation
Late arrival of donor funding; contractors performing slower than anticipated; some projects started late due to capacity issues.
- vii) Environmental protection
Nature of the terrain; inclement weather; structural cracks were not anticipated; public objection which needed to be resolved before building plan approval could be obtained and savings realised.
- viii) Road transport
Late arrival of donor funding; departmental capacity constraints; tender appeals; underperformance of contractors and consultants; delays due to planning/environmental impact assessment (EIA) processes, and savings realised.
- ix) Housing
Project opposed by surrounding communities, which resulted in a lengthy facilitation process; community prevented contractor from working on site; delays in obtaining EIA, township, general plan and engineering design approvals. Land acquisition: offers to purchase declined by land owners, or unrealistic prices offered; savings realised, and contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled.
- x) Waste management
Tender appeals; way leave approvals; contractor, vendor underperformance and supply constraints; long lead times; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; being lower-than-anticipated tender prices, and savings realised.
- xi) Water
Tender appeals; delay in electricity supply by Eskom; EIA process delays; inclement weather; way leave approvals; contractor, vendor underperformance and supply constraints; community interference; long lead times; unexpected delays due to failed pressure tests; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; lower-than-anticipated tender prices, and savings realised.
- xii) Electricity
Savings realised; contractor, vendor underperformance and supply constraints; long lead times; suppliers could not deliver by financial year-end; problems encountered on site after commencement of work; defects found on equipment mechanisms delivered, which resulted in project and tender process delays.
- xiii) Other
Over-expenditure is mainly due to costs incurred on the expansion of the convention centre.

42. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES

42.1 Irregular expenditure

	Economic Entity		Municipality of Cape Town	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Opening balance	102 496	238	101 106	238
Irregular expenditure – supply chain management regulations (see incidents below)	96 020	102 496	86 058	101 106
Irregular expenditure – misappropriation of funds (see incidents below)	731	–	–	–
Approved by Council	(1 390)	(238)	–	(238)
Closing balance	197 857	102 496	187 164	101 106
Incident				
Proper tender procedures not followed due to oversight	–	8 637	–	7 247
Theft of cash	322	–	–	–
Fraudulent supplier payment	409	–	–	–
Deviations from supply chain management regulations due to nature of business	9 962	–	–	–
Supply chain management policy on declarations of interest for quotations under R30 000 not fully adhered to in respect of suppliers found to be in the employ of the state	9 166	6 754	9 166	6 754
Supply chain management policy on declarations of interest for quotations under R200 000 not fully adhered to in all commodity types	36 772	28 997	36 772	28 997
One instance of the declaration of interest of a supplier in the employ of the state overlooked	210	105	210	105
Business conducted with a councillor due to a delay in remedial action as a result of an overlap of election processes, and with staff due to omission of details in their declarations	1 275	776	1 275	776
One instance of a supplier prohibition and another of a legitimate company with a prohibited shareholder not detected	5 272	4 394	5 272	4 394
Contracts not advertised for the full 30-day period as required mainly due to not having given regard to the weekend at the end of the 30 days	33 363	52 833	33 363	52 833
Incidents for the year	96 751	102 496	86 058	101 106

The matters listed above are being investigated, and due process will be followed for reporting to Council. As a result of the audit process on irregular expenditure in the current year, the comparative figures of the previous year have been adjusted to R102,50 million from a prior total of R8,64 million.

42.2 Fruitless and wasteful expenditure

Opening balance	439	1 080	431	948
Fruitless expenditure current-year	–	176	–	168
Approved by Council	(8)	(817)	–	(685)
Closing balance	431	439	431	431
Incident		Proceedings		
Late-payment interest – SARS	–	8	–	–
Grants and subsidies (non-compliance MOA)*	–	140	–	140
FIFA World Cup costs	–	28	–	28
Incidents for the year	–	176	–	168

* MOA = memorandum of agreement

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

42.3 Material losses

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Non-revenue water: Bulk	25 380	70 263	25 380	70 263
Reticulation (normal distribution)	481 164	423 598	481 164	423 598
Electricity losses	689 266	485 553	689 266	485 553
Total	1 195 810	979 414	1 195 810	979 414

Non-revenue water

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

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

Electricity losses

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

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000

43. ADDITIONAL DISCLOSURES

43.1 Supply Chain Management Regulations

43.1.1 Deviations

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

Incident

Appointment of consultants	41 068	105 566	41 068	105 566
Information technology upgrade	7 402	104 294	7 402	104 294
Upgrade of electricity services	3 344	5 938	3 344	5 938
Extension of contract	518 289	19 969	518 289	19 969
Upgrade of road infrastructure	32 402	66 535	32 402	66 535
Supply and delivery of plant and equipment	59 430	339 294	59 430	339 294
Other	175 979	301 594	155 078	258 658
Deviations less than R200 000	290 999	267 525	290 999	267 525
Total amount condoned	1 128 913	1 210 715	1 108 012	1 167 779

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

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

43. ADDITIONAL DISCLOSURES continued

43.1.2 Bids awarded to family of employees in service of the state

Name	Position held in state	Economic Entity		Municipality of Cape Town	
		2011 R'000	2010 R'000 Restated	2011 R'000	2010 R'000 Restated
J. Hintenaus	Environmental Health Officer	4	1	4	1
N. Goniwe	Water Pollution Control Inspector	417	615	417	615
G. Hector	Superintendent	4	–	4	–
J. du Toit	Inspector	37 878	44 523	37 878	44 523
A. Cedras	Senior Superintendent	1 317	895	1 317	895
W. Timotheus	Operational Supervisor/Driver	13	10	13	10
C. Rhoda	Clerk 3	7 222	2 453	7 222	2 453
Q.G. Sipoyo	Risk and Safety Adviser	350	373	350	373
P. Booyesen	Clerk 3	1 115	722	1 115	722
S.S. Merile	Operator: Small Plant	1 071	205	1 071	205
N. Hoosain	Clerk 3	566	593	566	593
J. Pienaar	Senior Professional Officer	2	–	2	–
D. Michaels	Administrative Officer 1	15	258	15	258
L. Swartz	Clerk 1	58	193	58	193
M.F. Votersen	Head: Finance Parks	1 148	1 655	1 148	1 655
V. Mwahla	Head: Area 3	6	183	6	183
P. Sonyabashe	Worker	172	–	172	–
M.F. Sammy	Administrative Officer 1	68	4	68	4
R. Swanson	Courier	117	108	117	108
F. Trom	Worker	5	39	5	39
J. Maputsi	Learner Firefighter/Firefighter/ Senior	1 587	988	1 587	988
J. Arendse	Handyman	167	22	167	22
I. Taliep	Clerk 1	236	136	236	136
T. Hartogh	Superintendent	12	50	12	50
C. van der Vendt	Senior Worker	379	362	379	362
G. Koning	Enrolled Nurse	52	39	52	39
P.A. Singama	Administrative Officer 1 (Subcouncil 14)	15	2	15	2
M.F. Baloyi	Worker	8	12	8	12
J. Manuel	Traffic Officer 2	7	–	7	–
S.S. Daries	Senior Superintendent	51	137	51	137
R. Platen	Special Workman	5	12	5	12
A. Jonkers	Senior Foreman	40	22	40	22
B. Francis	Administrative Officer 1	7	47	7	47
J. Adams	Secretary	152	33	152	33
M.F. Khan	Clerk 3	180	124	180	124
E. Vermeulen	Assistant Librarian (part time)	64	9	64	9
A. Hoppie	Clerk 2	3	36	3	36
D. Isaacs	Clerk 3	42	–	42	–
A. Charles	Functional Operational Manager	31	–	31	–
W. Kloppers	Senior Health Practitioner	3	–	3	–
J. Williams	Clerk 3	127	–	127	–
M.C. Mshweshwe	Statutory Compliance Specialist	53	–	53	–
L. January	Head: Area 5	27	–	27	–
M. Valentine	Senior Operational Supervisor/ Driver	65	–	65	–
R. Davids	Assistant buyer	250	–	250	–
M. Thorpe	Assistant buyer	366	–	366	–
J. du Toit	Assistant buyer	222	–	222	–
M. Pardenwachter	Operational Dev. Practitioner: Strategy, Support and Coordination	–	1 469	–	1 469
Total		55 699	56 330	55 699	56 330

The 2010 comparative amount of R56,33 million has been restated from R1,47 million.

43. ADDITIONAL DISCLOSURES continued
43.2 Municipal Finance Management Act
43.2.1 Section 124
Disclosures concerning councillors, directors and officials

Councillors' arrear consumer accounts

As at 30 June 2011

	Total R	Outstanding <90 days R	Outstanding >90 days R
F.C. Christians	6 526	580	5 946
E.N. Hinana	15 357	11 239	4 118
L. Maci	1 859	95	1 764
C.W. Ipser	10 749	6 502	4 247
L.D. Jordaan	5 721	–	5 721
H.K. Morkel – Carthen Investment (Pty) Ltd	47 040	–	47 040
N. Ndzulwana	4 020	333	3 687
T. Sakathi	1 964	782	1 182
M. Weavers	4 379	1 102	3 277
G.L. Zondani	2 808	2 335	473
N.C. Nyakatya	1 614	975	639
These balances have been paid in full at 31 August 2011	102 037	23 943	78 094

A. Gabuza	7 239	811	6 428
T. Gqada	20 612	–	20 612
F.L. Abrahams	9 841	700	9 141
V.R. Isaacs	43 678	17 226	26 452
L.V. James	17 807	1 495	16 312
C.J. Mack	11 021	8 438	2 583
J.J. Maxheke	14 880	944	13 936
A.X. Ndongeni	65 300	2 018	63 282
Arrangements are in place for the payment of these balances	190 378	31 632	158 746
Total	292 415	55 575	236 840

As at 30 June 2010, there were no councillors' consumer accounts in arrears.

- 43.2.2 Included in the debtors' arrears is an amount of R1,85 million, outstanding for more than 120 days, owed by the representative political parties to the Entity. Legal judgment have been given against one defaulting debtor and assets to the value of approximately R13 000 has been attached.

43.2.3 Section 125
Other compulsory disclosures
As at 30 June 2011

	SALGA* contri- butions R'000	Audit fees R'000	PAYE** and UIF*** R'000	Pension and medical aid R'000
Opening balance	–	1 296	53 222	122 658
Subscriptions/fees	13 862	19 443	757 366	1 625 205
Amount paid – current year	–	(18 962)	(696 947)	(1 483 431)
Amount paid – previous years	(6 692)	(1 296)	(53 222)	(122 658)
Balance unpaid (included in payables)	7 170	481	60 419	141 774

As at 30 June 2010

Opening balance	–	80	44 181	105 349
Subscriptions/fees	–	17 676	656 191	1 405 907
Amount paid – current year	–	(16 380)	(602 969)	(1 283 249)
Amount paid – previous years	–	(80)	(44 181)	(105 349)
Balance unpaid (included in payables)	–	1 296	53 222	122 658

* SALGA = South African Local Government Association

** PAYE = pay as you earn

*** UIF = Unemployment Insurance Fund

44. COMMITMENTS

44.1 Capital commitments

Commitments in respect of capital expenditure

Approved and contracted for:

	Economic Entity		Municipality of Cape Town	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Infrastructure	480 101	873 264	480 101	873 264
Community	141 212	19 673	141 212	19 673
Heritage	–	4 585	–	4 585
Other	277 215	766 025	277 215	766 025
Total	898 528	1 663 547	898 528	1 663 547

This expenditure will be financed from:

External loans	250 878	401 957	250 878	401 957
Capital replacement reserve	28 269	25 854	28 269	25 854
Government grants	612 494	1 228 569	612 494	1 228 569
Other sources	6 887	7 167	6 887	7 167
Total	898 528	1 663 547	898 528	1 663 547

44.2 Operating lease commitments

The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

Land and buildings

	57 887	98 905	56 420	97 840
Payable within one year	45 958	48 507	44 559	48 077
Payable within two to five years	11 929	50 398	11 861	49 763

Vehicles and other equipment

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

58 326 113 065 56 859 112 000

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

The Entity has minimal current lease arrangements for photocopy and fax machines over a period of one year, without being subject to escalation. In terms of a Council policy decision, such leased equipment shall be purchased upon termination of the relevant contract. In keeping with this policy, it has been decided to terminate lease agreements in respect of older equipment where the initial period has expired and the lease is continuing on a month-to-month basis. The 2010 comparative amount of R113,07 million has been restated from R158,88 million.

The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Receivable within one year	19 727	24 299	21 389	25 838
Receivable within two to five years	67 343	71 126	74 117	77 869
Receivable after five years	321 746	337 690	381 869	399 506
Buildings	408 816	433 115	477 375	503 213

The Entity lets properties under operating leases. Property rental income earned during the year was R25,84 million (2010: R23,97 million). The properties are maintained by the tenants, at their cost. No investment properties have been disposed of since the statement of financial performance date.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase in current-year income of R2,92 million. The 2010 comparative amount of R433,12 million has been restated from R106,72 million due to an enhancement of system applications and classifications.

45. FINANCIAL RISK MANAGEMENT

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

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

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

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Carrying amount fair value R'000
Financial assets				
2011				
Investments	161 771	2 096 302	2 258 073	2 279 321
Long-term receivables	134 719	–	134 719	134 719
Trade receivables	3 706 347	–	3 706 347	3 706 347
Other receivables	202 578	–	202 578	202 578
Cash and cash equivalents	1 762 393	1 541 736	3 304 129	3 304 129
	5 967 808	3 638 038	9 605 846	9 627 094
2010				
Investments	291 277	4 076	295 353	328 244
Long-term receivables	136 538	–	136 538	136 538
Trade receivables	3 360 962	–	3 360 962	3 360 962
Other receivables	328 539	–	328 539	328 539
Cash and cash equivalents	3 134 990	1 518 466	4 653 456	4 653 456
	7 252 306	1 522 542	8 774 848	8 807 739
Financial liabilities				
2011				
Long-term borrowings	5 668 294	–	5 668 294	6 260 971
Payables	2 570 332	–	2 570 332	2 570 332
Derivative financial instruments	–	–	–	–
	8 238 626	–	8 238 626	8 831 303
2010				
Long-term borrowings	5 922 245	–	5 922 245	5 950 450
Payables	2 420 590	–	2 420 590	2 420 590
Derivative financial instruments	–	–	–	–
	8 342 835	–	8 342 835	8 371 040

45. FINANCIAL RISK MANAGEMENT continued

45.1 Fair values

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

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Fair values

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

Investment at fair value

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

45.2 Credit risk

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

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

	Economic Entity		Municipality of Cape Town	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Investments – see note 6	2 258 073	295 353	2 258 073	295 353
Loans receivable – see note 7	134 719	136 538	134 719	136 538
Trade and other receivables – see notes 9 and 10	3 908 925	3 689 501	3 902 769	3 682 394
Cash and cash equivalents – see note 11	3 304 129	4 653 456	3 151 257	4 511 179
Total	9 605 846	8 774 848	9 446 818	8 625 464

Investments

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

Loans receivable

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

45. FINANCIAL RISK MANAGEMENT continued

Trade and other receivables

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

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

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

Cash and cash equivalents

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

45.3 Liquidity risk

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

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

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

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

	Up to 1 year R'000	1 – 5 years R'000	>5 years R'000	Total R'000
2011				
Liabilities				
Borrowings	931 961	3 017 371	8 887 709	12 837 041
Capital repayments	306 896	633 342	4 728 056	5 668 294
Interest	625 065	2 384 029	4 159 653	7 168 747
Trade and other payables	2 570 332	–	–	2 570 332
Trade payables	2 170 658	–	–	2 170 658
Sundry creditors	399 674	–	–	399 674
	3 502 293	3 017 371	8 887 709	15 407 373

45.4 Capital management

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

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

45.5 Currency risk

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

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

45. FINANCIAL RISK MANAGEMENT continued

Market risk

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

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

	Maturity of interest-bearing assets/liabilities				Total R'000
	Weighted interest rate %	1 year or less R'000	1 – 5 years R'000	>5 years R'000	
Financial assets					
Investments	6,484	2 146 596	47 822	63 655	2 258 073
Cash and cash equivalents	5,821	3 304 129	–	–	3 304 129
Total financial assets		5 450 725	47 822	63 655	5 562 202
Financial liabilities					
Loans	11,350	240 615	633 342	4 728 056	5 602 013
Finance leases	14,530	66 281	–	–	66 281
Total financial liabilities		306 896	633 342	4 728 056	5 668 294

Interest rate sensitivity analysis

Financial assets

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

Financial liabilities

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

46. PRIOR-YEAR ADJUSTMENTS

46.1 Changes in accounting policy

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

46.2 Reclassification

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

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

Repairs and maintenance have been reclassified as contracted services and general expenses in order to disclose the nature of the expense.

46.3 Correction of errors

Bulk water purchases in the previous financial year have been corrected due to the refunding of amounts overpaid.

The smoothing of lease payments over the duration of the leases for disclosure has been refined due to further estimates and assumptions, and the note was adjusted due to contracts not included in the 2010 figures.

Adjustment due to the cancellation of property sales previously derecognised.

Non-compliance with supply chain management regulations discovered in the current financial year relating to tenders awarded in the prior year.

An adjustment was passed in order to split the bad debt impairment provision between operating contribution and the VAT liability.

Omission of accrued amounts due to employees for annual remuneration.

	R'000
Summarised as follows:	
Overcharged bulk water purchase	30 876
Income receipted recognised in wrong financial year	(16 564)
Lease-smoothing adjustment	41 701
Reversal of derecognition of property sales	(1 604)
Understatement of salary accrual	(12 448)
Understatement of sundry expenses	(6 585)
Adjustment VAT liability	6 579
For Entity	41 955
Understatement of sundry expenses	890
For Municipality of Cape Town	42 845

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

46. PRIOR-YEAR ADJUSTMENTS continued

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

Note	As previously reported R'000	Changes in accounting policy R'000	Reclassification R'000	Correction of errors R'000	Restated R'000
2009					
Statement of financial position					
Property, plant and equipment	1	16 523 308	–	(1 034)	16 522 274
Investments	6	197 375	–	46 843	244 218
Other receivables	10	455 989	–	(47 418)	408 571
Cash and cash equivalents	11	2 757 951	–	575	2 758 526
Long-term borrowings	12	3 831 465	(7 988)	22 463	3 845 940
Payables	16	2 857 695	–	(22 463)	2 835 232
VAT	19	145 302	–	(155 108)	9 806
Minority interest	20.2	127 072	–	(515)	126 557
Accumulated surplus	21	10 346 931	7 988	154 589	10 509 508
2010					
Statement of financial performance					
Exchange revenue					
Rental of letting stock and facilities	23	243 468	–	23 555	267 023
Other income	25	267 640	–	24	267 664
Gains on disposal of property, plant and equipment	–	79 142	–	(22)	79 120
Non-exchange revenue					
Fuel levy	–	–	–	1 371 610	1 371 610
Government grants and subsidies	27	4 491 668	–	(1 371 610)	3 120 058
Total revenue		18 684 996	–	23 557	18 708 553
Employee-related costs	29	5 619 692	–	12 604	5 632 296
Impairment costs	31	690 956	–	(6 579)	684 377
Depreciation and amortisation expenses	32	1 011 747	–	171	1 011 918
Finance cost	33	601 733	1 181	42 513	645 427
Bulk purchases	34	3 667 765	–	(30 876)	3 636 889
Repairs and maintenance	–	839 677	–	(7 303)	–
Contracted services	–	1 126 102	–	832 374	1 965 717
General expenses	36	2 649 881	–	(35 915)	2 613 966
Total expenditure		16 557 714	1 181	(18 144)	16 540 751
Taxation		5 710	–	(171)	5 539
Non-controlling interest		7 100	–	(53)	7 047
Surplus for the year		2 114 472	(1 181)	41 925	2 155 216
Statement of financial position					
Property, plant and equipment	1	20 135 339	–	(1 607)	20 133 732
Investment property	3	87 082	–	(22)	87 060
Other receivables	10	303 161	–	(29 629)	329 545
Investments	6	55 800	–	4 076	59 876
Cash and cash equivalents	11	4 628 453	–	25 003	4 653 456
Long-term borrowings	12	5 566 231	–	(6 585)	5 559 646
Deferred taxation	37	9 684	–	(444)	9 240
VAT	18	212 848	–	(161 687)	51 161
Payables	16	3 163 040	–	(91 907)	3 084 475
Taxation	–	3 297	–	(130)	3 167
Current portion of long-term borrowing	12	264 107	–	98 492	362 599
Non-controlling interest	20.2	134 172	–	(568)	133 604
Accumulated surplus	21	12 378 240	–	(550)	12 581 561

46.4 Changes in accounting estimates

The estimate for fines issued in the financial year that will only be paid after the financial year-end has been revised due to more accurate information having been made available by the service provider. Due to the revised estimate, the accrual increased by R20,75 million.

47. RETIREMENT BENEFIT INFORMATION

The City of Cape Town makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R595,91 million (2010: R510,38 million) to the DB and DC structures are expensed as incurred during the year under review.

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

47.1 Defined-benefit schemes

Cape Joint Pension Fund (multi-employer fund)

The DB section is a multi-employer plan and the contribution rate payable is 27%, i.e. 9% by the members and 18% by their councils. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2010. The valuation indicates a break-even actuarial result, and is 100% funded at the financial year-end. The City is included among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the Fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the Fund are required to fund the shortfall in direct proportion to the level of contributions made. As at the date of the financial statements, an assessment of the performance of the Fund's assets for the 2011 year had not been completed. Should the return of the assets be less than 5,5%, the City could be liable for its portion of the shortfall in terms of the rules of the Fund. The City is currently engaged in a dispute that relates to a shortfall in the return of the fund assets, as contemplated above, during the 2008 and 2009 financial years, for an amount of R96 million and interest of R20,4 million. A provision of R96 million has been included in "Other provisions" in note 15.

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

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

47.2 Defined-contribution schemes

Cape Joint Pension Fund (multi-employer fund)

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

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

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

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is sufficient to fund the benefits accruing from the fund in the future. The last actuarial valuation of the fund was undertaken at 30 June 2009.

National Fund for Municipal Workers (multi-employer fund)

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

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

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2005, when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2008 audited financial statements, once it becomes available.

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

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

47. RETIREMENT BENEFIT INFORMATION continued

47.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

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

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

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

	2011	2010
	%	%
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	1,00
Post-retirement	2,50	2,50
Normal retirement age	60 years	60 years

Key financial assumptions

Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	1,00
Post-retirement	2,50	2,50
Normal retirement age	60 years	60 years

47.4 Post-employment defined 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 2011, constituted 10 884 (2010: 11 486) in-service members and 6 469 (2010: 6 511) pensioners.

47.4.1 Health-care arrangement assumptions

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

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

Continuation of membership

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

Family profile

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

Plan assets

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

Discount rate

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

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

47. RETIREMENT BENEFIT INFORMATION continued

47.4.2 Retirement pension benefits

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

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

Plan assets

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

Discount rate

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

	Post-retirement scheme defined-benefit obligations					
	2011			2010		
	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	2 905 696	14 921	2 920 617	2 725 739	15 676	2 741 415
Unrecognised actuarial gains/(losses)	77 197	2 876	80 073	(225 585)	(461)	(226 046)
Net liability in statement of financial position	2 982 893	17 797	3 000 690	2 500 154	15 215	2 515 369
Service costs	50 846	1 401	52 247	51 429	391	51 820
Interest costs	243 681	428	244 109	222 090	1 463	223 553
Actuarial losses recognised	302 782	2 360	305 142	237 458	25	237 483
Total included in statement of financial performance	597 309	4 189	601 498	510 977	1 879	512 856
Balance at the beginning of the year	2 500 154	15 215	2 515 369	2 090 227	14 703	2 104 930
Net expense recognised in statement of financial performance	597 309	4 189	601 498	510 977	1 879	512 856
Contributions paid	(114 570)	(1 607)	(116 177)	(101 050)	(1 367)	(102 417)
Net liability in statement of financial position	2 982 893	17 797	3 000 690	2 500 154	15 215	2 515 369

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

Sensitivity analysis

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

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

48. GUARANTEES AND CONTINGENT LIABILITY

48.1 Guarantees

The Entity issued a bank guarantee of R823 446 (2010: R346 727) as security for the lease of property.

48.2 Other contingent liabilities

Contractual disputes

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

Outstanding insurance claims

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

49. RELATED-PARTY DISCLOSURES

During the year, in the ordinary course of business, transactions between the City 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	
2011	2010	2011	2010
R'000	R'000	R'000	R'000

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

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

Percentage owned		50,18%	50,18%
Arm's-length transactions for the year			
Receivables		2 766	448
Service charges		15 997	11 795

Cape Town International Convention Centre (Pty) Ltd has outsourced the management of its operating division previously to Amsterdam RAI which had terminated on 30 June 2010. Amsterdam RAI currently provides the services of international management and marketing support.

Arm's-length transactions for the year			
Fixed management fees	973	2 642	–
Basic management fees	–	695	–
Incentive fee	–	5 968	–

City improvement districts (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.

Special rating areas

Percentage owned			
Arm's-length transactions for the year			
Receivables		(2)	–
Service charges		22	16
Levies		78 967	66 648

Cape Metropolitan Transport Fund (CMTF)

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

Administrator

Percentage owned			
Arm's-length transactions for the year			
Funds held on behalf of CMTF	76 488	90 907	76 488
Grants and transfers received	32 824	90 138	32 824
Interest paid	5 055	10 082	5 055
Revenue collected	4 080	5 205	4 080

49. RELATED-PARTY DISCLOSURES continued

Economic Entity		Municipality of Cape Town	
2011	2010	2011	2010
R'000	R'000	R'000	R'000

Epping City improvement district

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

Arm's-length transactions for the year:

Just For You Business Support Services CC	784	708	-	-
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Khayelitsha Community Trust (KCT)

KCT was established to promote economic activities for the upliftment of the local community. At year-end, the amount owing by KCT to the City amounted to R1,22 million (2010: R1,18 million).

Trust			
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Arm's-length transactions for the year

Receivables	1 104	1 183	1 104	1 183
Grants	5 104	6 866	5 104	6 866

Councillors

Councillors of the City could hold positions in other entities, where they have significant influence over the financial or operating policies of these entities. The following is considered to be such an entity:

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

Executive management

No business transactions took place between the Entity and key management personnel or their close family members during the year under review. Details relating to remuneration are disclosed in note 29.

50. EVENTS AFTER REPORTING DATE

The council of the City of Cape Town, at its meeting of 22 June 2011, resolved to relinquish effective control of the municipal entity Khayelitsha Community Trust (KCT) as at 30 June 2011. KCT is accordingly no longer a municipal entity, and the City is no longer the parent municipality, in terms of local government legislation, and KCT will no longer be treated as a related party in the financial statements. The City will, however, still support KCT through grant funding in accordance with section 67 of the Municipal Finance Management Act.

Appendix A: Schedule of external loans as at 30 June 2011

	Effective interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2010 R'000	Received during the year R'000	Capitalised during the year R'000	Net interest accrual during the year R'000	Transfers during the year R'000	Redeemed/ Written off during the year R'000	Balance as at 30 June 2011 R'000
LOCAL REGISTERED STOCK										
ABSA Investor Services	14,650	830011508	2014	7 047	-	-	-	-	-	7 047
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 862	-	-	(357)	-	-	2 065 505
Municipal Bond Transaction costs	-	-	-	(3 916)	-	-	-	-	(283)	(3 633)
Total local registered stock				4 278 977	-	-	(357)	-	(283)	4 278 903
CONCESSIONARY LOANS										
Nedcor Bank	1,000	830000920	2019	12	-	-	-	2	-	14
DBSA	5,000	830012028	2020	33 231	-	-	-	1 112	4 000	30 343
Total annuity loans				33 243	-	-	-	1 114	4 000	30 357
OTHER LOANS										
FirstRand Bank	12,616	830001710	2011	19 931	-	-	-	-	19 931	-
FirstRand Bank	12,920	830000880	2013	59 336	-	-	-	-	17 693	41 643
DBSA	12,250	83001051	2015	129 888	-	-	-	-	25 978	103 910
FirstRand Bank	12,631	830003504	2017	189 299	-	-	-	-	6 031	183 268
ABSA Bank	10,900	830007011	2018	160 000	-	-	-	-	20 000	140 000
DBSA	10,590	83001050	2018	271 329	-	-	-	-	33 916	237 413
FirstRand Bank	12,046	830009531	2018	187 827	-	-	8 919	-	20 000	176 746
DBSA	9,420	830012035	2020	93 333	-	-	-	-	9 333	84 000
DBSA	9,639	830013000	2022	166 667	-	-	-	-	13 333	153 334
DBSA	10,565	830013507	2022	166 667	-	-	-	-	13 333	153 334
Total other loans				1 444 277	-	-	8 919	-	179 548	1 273 648
FINANCE LEASES										
Investec	14,343	830000870	2011	12 014	-	-	-	-	7 730	4 284
Standard Corporate and Investment Bank	15,209	830000890	2011	69 898	-	-	(177)	-	69 721	-
Nedbank	14,540	830000860	2012	64 107	-	-	(103)	-	2 007	61 997
Total finance leases				146 019	-	-	(280)	-	79 458	66 281
Total Municipality of Cape Town				5 902 516	-	-	8 282	1 114	262 723	5 649 189
CONTROLLED ENTITIES										
CID Claremont Road Co.: DBSA	-	-	2011	19 465	-	-	-	-	844	18 621
CID Epping	-	-	2012	264	335	-	-	-	115	484
Total controlled entities				19 729	335	-	-	-	959	19 105
Total external loans				5 922 245	335	-	8 282	1 114	263 682	5 668 294

Appendix B: Analysis of property, plant and equipment as at 30 June 2011

	Cost				
	Opening balance	Transfers/ Adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS					
Land	619 681	1 862	36 766	(241)	658 068
Buildings and land	2 981 840	80 094	88 526	(1 823)	3 148 637
	3 601 521	81 956	125 292	(2 064)	3 806 705
INFRASTRUCTURE					
Assets under construction	3 029 840	(1 874 849)	904 803	–	2 059 794
Drains	491 151	65 350	11 115	–	567 616
Roads	3 908 336	887 463	280 333	–	5 076 132
Beach improvements	27 405	8 686	171	–	36 262
Sewerage mains and purification	1 362 264	666 441	104 521	–	2 133 226
Electricity peak-load equipment and mains	3 949 158	156 626	521 355	(17 361)	4 609 778
Water mains and purification	1 982 594	130 942	9 473	–	2 123 009
Reservoirs – water	397 186	46 587	1 110	–	444 883
	15 147 934	87 246	1 832 881	(17 361)	17 050 700
COMMUNITY ASSETS					
Assets under construction	258 122	(184 142)	74 943	–	148 923
Parks and gardens	31 670	15 905	955	–	48 530
Libraries	175 785	9 348	11 876	–	197 009
Recreation facilities	4 343 963	7 528	62 706	–	4 414 197
Civic buildings	661 736	322 066	65 534	–	1 049 336
	5 471 276	170 705	216 014	–	5 857 995
LEASED ASSETS					
Infrastructure and other	398 121	(163 413)	–	(338)	234 370
	398 121	(163 413)	–	(338)	234 370
OTHER ASSETS					
Assets under construction	523 459	(336 634)	360 422	–	547 247
Landfill sites	514 044	45 516	31 970	(31 745)	559 785
Furniture, fittings and equipment	423 667	29 057	58 974	(16 156)	495 542
Bins and containers	34 793	978	16 243	(784)	51 230
Emergency equipment	33 716	540	1 323	(678)	34 901
Motor vehicles and watercraft	1 057 967	32 658	87 848	(20 568)	1 157 905
Specialised vehicles	657 427	2 470	40 422	(9 366)	690 953
Computer equipment	892 052	24 987	101 986	(21 574)	997 451
Animals	214	–	28	–	242
	4 137 339	(200 428)	699 216	(100 871)	4 535 256
HOUSING RENTAL STOCK	1 152 883	7 731	11 621	(6 361)	1 165 874
TOTAL	29 909 074	(16 203)	2 885 024	(126 995)	32 650 900
HERITAGE ASSETS					
Assets under construction	1 660	(9)	1 901	–	3 552
Paintings and art galleries	8 342	–	30	(10)	8 362
	10 002	(9)	1 931	(10)	11 914
INVESTMENT PROPERTIES	129 593	1 019	–	–	130 612
INTANGIBLE ASSETS	303 709	14 875	8 393	–	326 977
ASSETS CLASSIFIED AS HELD FOR SALE	89	315	–	(1)	403
TOTAL	30 352 467	(3)	2 895 348	(127 006)	33 120 806

Economic Entity

	Accumulated depreciation						
	Opening balance	Transfers/ Adjustments	Impairment	Additions	Disposals	Closing balance	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	(224 088)	(1)	(9 866)	-	-	(233 955)	424 113
	(1 554 024)	120 651	-	(91 825)	1 669	(1 523 529)	1 625 108
	(1 778 112)	120 650	(9 866)	(91 825)	1 669	(1 757 484)	2 049 221
	-	-	-	-	-	-	2 059 794
	(203 004)	-	-	(16 293)	-	(219 297)	348 319
	(1 569 813)	-	-	(112 849)	-	(1 682 662)	3 393 470
	(18 248)	-	-	(431)	-	(18 679)	17 583
	(446 280)	(82 478)	-	(87 990)	-	(616 748)	1 516 478
	(1 439 717)	(42 605)	-	(170 477)	17 360	(1 635 439)	2 974 339
	(949 989)	(83)	-	(71 462)	-	(1 021 534)	1 101 475
	(261 566)	-	-	(16 367)	-	(277 933)	166 950
	(4 888 617)	(125 166)	-	(475 869)	17 360	(5 472 292)	11 578 408
	-	-	-	-	-	-	148 923
	(4 383)	-	-	(1 272)	-	(5 655)	42 875
	(51 288)	-	-	(3 162)	-	(54 450)	142 559
	(137 435)	-	-	(201 912)	-	(339 347)	4 074 850
	(235 300)	(124 888)	-	(25 985)	-	(386 173)	663 163
	(428 406)	(124 888)	-	(232 331)	-	(785 625)	5 072 370
	(284 386)	128 458	-	(13 188)	338	(168 778)	65 592
	(284 386)	128 458	-	(13 188)	338	(168 778)	65 592
	-	1	(16 092)	-	-	(16 091)	531 156
	(196 655)	-	-	(52 061)	(7 439)	(256 155)	303 630
	(232 827)	982	-	(52 065)	14 580	(269 330)	226 212
	(29 186)	(2)	-	(4 416)	673	(32 931)	18 299
	(20 977)	6	-	(4 471)	648	(24 794)	10 107
	(523 570)	2 532	-	(145 683)	17 878	(648 843)	509 062
	(288 575)	(1 602)	-	(50 224)	10 089	(330 312)	360 641
	(572 586)	(345)	-	(122 045)	20 815	(674 161)	323 290
	(19)	-	-	(37)	-	(56)	186
	(1 864 395)	1 572	(16 092)	(431 002)	57 244	(2 252 673)	2 282 583
	(531 426)	1	-	(26 662)	3 759	(554 328)	611 546
	(9 775 342)	627	(25 958)	(1 270 877)	80 370	(10 991 180)	21 659 720
	-	-	-	-	-	-	3 552
	-	-	-	-	-	-	8 362
	-	-	-	-	-	-	11 914
	(42 533)	(482)	-	(2 598)	-	(45 613)	84 999
	(272 000)	114	-	(10 207)	-	(282 093)	44 884
	(23)	(254)	-	-	-	(277)	126
	(10 089 898)	5	(25 958)	(1 283 682)	80 370	(11 319 163)	21 801 643

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Appendix C: Segmental statement of financial performance for the year ended 30 June 2011

2010				BUSINESS UNITS	2011			
Actual income	Actual expenditure	Actual surplus/ (deficit)	Budgeted surplus/ (deficit)		Actual income	Actual expenditure	Actual surplus/ (deficit)	Budgeted surplus/ (deficit)
R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000
11 180 451	9 793 468	1 386 983	1 115 357	Rates and general	11 557 372	10 589 117	968 255	846 573
2 774	11 914	(9 140)	(9 618)	Executive and Council	5 283	34 752	(29 469)	(39 907)
7 711 404	2 121 163	5 590 241	5 416 016	Budget and Treasury Office	8 817 012	2 367 400	6 449 612	5 934 409
334 445	711 460	(377 015)	(195 546)	Corporate services	228 387	784 401	(556 014)	(124 853)
138 568	494 155	(355 587)	(333 848)	Planning and development	154 306	529 788	(375 482)	(372 394)
265 626	640 685	(375 059)	(382 078)	Health	320 160	725 869	(405 709)	(431 411)
76 064	522 921	(446 857)	(453 317)	Community and social services	78 926	574 382	(495 456)	(500 195)
237 768	1 614 519	(1 376 751)	(1 471 563)	Public safety	253 718	1 671 642	(1 417 924)	(1 553 791)
621 928	1 395 393	(773 465)	(714 791)	Sport and recreation	200 057	1 453 551	(1 253 494)	(1 379 502)
17 953	155 805	(137 852)	(131 586)	Environmental protection	24 040	184 906	(160 866)	(154 617)
1 100 193	1 210 899	(110 706)	(330 941)	Road transport	771 696	1 428 163	(656 467)	(417 070)
3 557	58 811	(55 254)	(57 300)	Tourism	2 141	60 463	(58 322)	(57 110)
670 171	855 743	(185 572)	(220 071)	Housing	701 646	773 800	(72 154)	(56 986)
11 747 172	10 986 893	760 279	635 032	Utility services	13 712 416	12 948 489	763 927	936 684
1 496 152	1 395 809	100 343	71 292	Waste management	1 814 046	1 703 605	110 441	51 991
1 482 127	1 394 275	87 852	154 900	Wastewater management	1 513 986	1 553 237	(39 251)	55 368
2 442 462	2 460 939	(18 477)	(63 587)	Water	2 856 865	2 988 188	(131 323)	(3 719)
6 326 431	5 735 870	590 561	472 427	Electricity	7 527 519	6 703 459	824 060	833 044
222 950	202 410	20 540	15 185	Subsidiaries	238 910	230 837	8 073	7 195
151 539	131 849	19 690	15 185	Cape Town International Convention Centre (Pty) Ltd	155 163	151 064	4 099	7 195
71 411	70 561	850	–	City improvement districts	83 747	79 773	3 974	–
23 150 573	20 982 771	2 167 802	1 765 574	Subtotal	25 508 698	23 768 443	1 740 255	1 790 452
4 442 020	4 442 020	–	–	Interdepartmental charges	4 984 088	4 984 088	–	–
18 708 553	16 540 751	2 167 802	1 765 574	Total Economic Entity before taxation	20 524 610	18 784 355	1 740 255	1 790 452



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

Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
					Operating R'000	Capital R'000			
National Government									
2010 FIFA World Cup™: Green Point	Sport and Recreation	(93 555)	–	–	27 780	57 997	(2 410)	–	(10 188)
Accreditation: Development Support	Human Settlements	(3 386)	–	–	227	64	–	–	(3 095)
Budget Reform Funds	National Treasury	(2 025)	(1 000)	–	832	1 777	–	–	(416)
Department of Environmental Affairs and Tourism	Environmental Affairs	(15 114)	(9 453)	7 863	13 426	6	(584)	–	(3 856)
INEP	Energy	(11)	(7 018)	–	–	4 434	–	–	(2 595)
Energy efficiency electricity demand-side management	Energy	(990)	(17 544)	–	–	17 010	–	–	(1 524)
Health and hygiene education: Informal settlement	Water	(370)	–	–	312	–	–	–	(58)
ICLEI World Congress (B)	Environmental Affairs	(6)	–	–	–	–	–	–	(6)
Khayelitsha Wall of Remembrance	Arts and Culture	(261)	–	–	–	–	–	–	(261)
LGSETA: Environmental Internship Programme	Environmental Affairs	–	(504)	–	250	–	–	–	(254)
Mitchells Plain: Training Life Skills and Horticulture	National Treasury	(18)	–	–	–	–	–	–	(18)
Municipal Infrastructure Grants	National Treasury	–	(383 726)	70 407	2 479	247 294	–	–	(63 546)
Municipal Systems Infrastructure Grant	Cooperative Governance	(2 193)	–	–	–	–	–	–	(2 193)
Neighbourhood Development Programme	National Treasury	–	(100 900)	2 848	–	47 141	(1 127)	–	(52 038)
Princess Vlei Sports Complex	National Treasury	(5)	–	–	–	–	–	–	(5)
Public Transport Infrastructure Restructuring Grant – Seed Funding	Transport	(432 193)	(469 179)	–	31 885	472 777	(30 011)	–	(426 721)
Sale of Land State Department Public Works	National Treasury	(18 780)	–	–	1 911	6 931	–	–	(9 938)
Sanitation to Informal Settlements	Public Works	(50 857)	–	–	–	–	(3 038)	–	(53 895)
Smart Living Handbook	Water	(541)	–	–	–	–	–	–	(541)
Urban Renewal	Water	(62)	–	–	–	–	(4)	–	(66)
Water Demand-side Management	National Treasury	(60 024)	(25 148)	–	7 528	3 980	–	–	(73 664)
Wetton/Lansdowne Corridor Youth Internship Programme	Water	(8 453)	(9 286)	–	2 915	6 577	–	–	(8 247)
Total National Government transfers and grants	National Treasury	(702 923)	(1 023 758)	81 118	89 545	865 988	(37 312)	–	(727 342)

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

Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue R'000	Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
Provincial Government Western Cape								
2010 FIFA World Cup™: Green Point	Transport and Public Works	-	(2 000)	-	2 000	-	-	-
ABET Adult Education	Education	(4)	(4)	-	-	-	-	(8)
Accreditation Assistance	Human Settlements	-	(5 000)	(5 000)	251	(336)	-	(10 085)
Athlone Stadium General Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	(1 742)
Atlantis – Wesfleur Ext 13	Human Settlements	(332)	-	-	10	-	-	(322)
Atlantis Community Development	Cultural Affairs and Sport	(39)	-	-	-	(2)	-	(41)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	(471)
Belhar Pentech	Human Settlements	-	(132)	-	-	-	-	(132)
Bloekombos Informal Business Facilities	Human Settlements	(146)	-	-	-	-	-	(146)
Blue Downs Golf Clubhouse	Cultural Affairs and Sport	(26)	-	-	-	-	-	(26)
Bokmakierie/Hazendal Infill	Human Settlements	-	(3 087)	-	48	-	-	(2 681)
Bonteheuwel Multipurpose Centre	Cultural Affairs and Sport	-	-	547	-	(45)	-	(766)
Brown's Farm Phase 3, 4, 5, 6	Human Settlements	(1 268)	-	-	4	-	-	(11 630)
Contractor Built Houses	Human Settlements	(6 082)	(44 066)	3 967	37 234	(766)	-	(9 713)
CBO Freedom Park	Human Settlements	(78)	-	-	7	-	-	(71)
Chemical toilets in Wallacedene	Human Settlements	(23)	-	-	-	(1)	-	(24)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	(274)
Civic Amenities – Hartleyvale	Cultural Affairs and Sport	(4)	-	-	-	-	-	(4)
Clinics: HIV/Aids and TB Programme	Health	(13)	-	-	-	-	-	(13)
Coastal Zone Development Guidelines Framework	Environmental Affairs and Development Planning	(54)	-	-	-	(3)	-	(57)
Community Residential Units	Human Settlements	(52 765)	(248 616)	-	1 158	190 565	-	(109 658)
Delft Community Facilities	Cultural Affairs and Sport	(97)	-	-	-	(6)	-	(103)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	(104)
Delft Sportsfield Development	Cultural Affairs and Sport	(20)	-	-	-	-	-	(20)

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					Operating R'000	Capital R'000			
Delft Symphony Way TRA	Human Settlements	(5 457)	-	-	155	-	-	-	(5 302)
Delft: The Hague	Human Settlements	-	(4)	-	-	-	-	-	(4)
Dial-A-Ride	Transport and Public Works	-	(12 633)	-	4 182	-	(247)	-	(8 698)
Disaster Fund – Fire/Flood Kits	Human Settlements	-	(5 440)	4 061	6 719	-	-	(5 340)	-
Driftsands UISP	Human Settlements	(260)	-	-	-	-	-	-	(260)
Du Noon Phase 1: Transfers	Human Settlements	(286)	-	-	-	-	-	-	(286)
E Business Project	Treasury	(1 616)	-	-	-	-	(97)	-	(1 713)
ECHO Road Housing Project	Human Settlements	(34)	-	-	-	-	-	-	(34)
Edward Road Energy Efficient Project	Human Settlements	(2 500)	-	-	94	-	(33)	-	(2 439)
Enkanini Housing Project	Human Settlements	(3 570)	(137)	-	27	194	-	-	(3 486)
Establishment Grants	Human Settlements	(1 281)	(573)	37	480	-	(80)	-	(1 417)
Facilitation Grants	Human Settlements	(112)	(104)	-	40	-	(8)	-	(184)
Fire Detection Surveillance Cameras	Human Settlements	(61)	-	-	-	-	(4)	-	(65)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Glencair Wetlands	Environmental Affairs and Development Planning	(10)	-	-	-	-	-	-	(10)
Global Fund	Health	(2 501)	(15 335)	243	19 031	-	(140)	(3 695)	(2 397)
Government Grant (Community Dev. Workers)	Human Settlements	(1 000)	-	178	-	-	(59)	-	(881)
Green Point Phase 2 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Green Point Stadium – Sport and Recreation	Cultural Affairs and Sport	(4)	-	-	-	-	-	-	(4)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(40)	-	-	-	-	(2)	-	(42)
Hangberg Housing Project	Human Settlements	(94)	(207)	-	413	42	-	(206)	(52)
Happy Valley – Blackheath	Human Settlements	(659)	(53 892)	-	110	502	-	-	(53 939)
Harmonie Oord – Outdoor Development	Cultural Affairs and Sport	(397)	-	-	-	-	-	-	(397)
HCE Manuals (Housing Consumer Education)	Human Settlements	(330)	-	-	14	-	(19)	-	(335)
Health – Strandfontein Clinic	Health	(99)	-	-	-	-	-	-	(99)

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Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
					Operating R'000	Capital R'000			
Health – Upgrade Vuyani Clinic	Health	(76)	-	-	-	-	-	-	(76)
Healthy Cities	Health	(44)	-	-	-	-	-	-	(44)
Heideveld Housing Infill	Human Settlements	-	-	-	-	619	-	(619)	-
Helicopter Standby	Local Government	(96)	(335)	-	434	-	(6)	-	(3)
HIV/Aids Community-based Response Projects	Health	-	(53 084)	7 318	52 362	-	-	(6 596)	-
Hostels Phase 2, 6a	Human Settlements	(976)	-	-	-	-	-	-	(976)
Housing Land Acquisitions	Human Settlements	-	(10 051)	-	-	10 051	-	-	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(397)	(864)	-	676	-	-	-	(585)
Jakkelsvlei Canal Upgrading	Human Settlements	(12 000)	-	-	-	1 536	-	-	(10 464)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kewtown Infill Development	Human Settlements	(327)	-	-	5	57	-	-	(265)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(16)	-	-	-	-	(1)	-	(17)
Khayelitsha DIY Home Insulation Kit	Human Settlements	(45)	-	-	-	-	-	-	(45)
Khayelitsha Kuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multipurpose Centre	Social Development	(751)	-	-	-	9	(45)	-	(787)
Khayelitsha Netball Courts	Cultural Affairs and Sport	(12)	-	-	-	-	-	-	(12)
Khayelitsha Poverty Reduction Programme	Social Services	(2 379)	-	-	-	-	(142)	-	(2 521)
Khayelitsha Site C Subsidies	Human Settlements	(21 900)	-	-	3 831	-	(1 300)	-	(19 369)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(250)	-	-	-	-	-	-	(250)
Kuyasa T3v1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(141)	-	-	-	35	-	-	(106)
Libraries – Brown's Farm	Cultural Affairs and Sport	(17)	-	(51)	-	68	-	-	-

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					Operating R'000	Capital R'000			
Libraries Phillipi East	Cultural Affairs and Sport	(51)	-	51	-	-	-	-	-
Library Service Book Fund	Cultural Affairs and Sport	(570)	-	-	569	-	-	-	(1)
Local Government Water and Related Services	Environmental Affairs and Development Planning	(11)	-	-	-	-	-	-	(11)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Luvuyo Clinic Extension	Health	-	(17)	-	-	211	-	(194)	-
Macassar Civic Node	Human Settlements	(54)	-	-	-	-	-	-	(54)
Macassar Treatment Works	Environmental Affairs and Development Planning	-	(8 000)	-	-	-	-	-	(8 000)
Mandela Park Sports Field: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Infill/the Downs	Human Settlements	(2)	-	-	-	-	-	-	(2)
Manenberg Sport Complex Upgrade Gms	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(65)	-	-	9	-	-	-	(56)
Masiphumelele	Human Settlements	(6 338)	(5 067)	-	8 970	-	(227)	-	(2 662)
Melkbosch Village	Human Settlements	(835)	-	-	745	-	-	-	(90)
Metropolitan Transport Board	Transport and Public Works	-	-	(32 824)	2 513	30 311	-	-	-
Mfuleni EPH Tra	Human Settlements	-	(14 592)	-	12 813	-	-	-	(1 779)
Mfuleni Ext 3, 4 Housing	Human Settlements	(291)	(241)	-	34	-	-	-	(498)
Mfuleni Flood Relief Project	Human Settlements	(3 212)	-	-	145	-	-	-	(3 067)
Mfuleni MLS Top Structures	Human Settlements	(231)	-	-	16	-	-	-	(215)
Mitchells Plain Infill Phase 1	Human Settlements	(4 570)	-	-	811	651	-	-	(3 108)
Mitchells Plain Youth and Family Development Centre	Social Development	(618)	-	-	-	-	(37)	-	(655)
Mitchells Plain TAZ	Human Settlements	(1 563)	(2 361)	-	3 555	-	-	-	(369)
Morgan Village 3/Western Cape (IPH) (CTCHC)	Human Settlements	(888)	-	-	-	-	(53)	-	(941)
National Imbizo Focus Week	Premier	(240)	-	-	-	-	-	-	(240)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)

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

Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
					Operating R'000	Capital R'000			
Nonqubela Phase 2/Makhaza Nutrition Supplement Programme	Human Settlements Health	(1 309)	-	-	745	49	-	-	(515)
Nyanga Upgrading Project	Human Settlements	(701)	(2 633)	-	3 454	-	-	(120)	-
Ocean View/Mountain View	Human Settlements	(839)	-	-	139	941	-	(241)	-
Oliver Tambo Drive Public Space Phase 1	Human Settlements	(5)	(9 900)	299	-	9 964	-	(368)	(10)
Parks and Bathing – Nyanga Soccer	Cultural Affairs and Sport	(52)	-	-	-	-	-	-	(52)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi Planning for Development	Human Settlements	(1 945)	(18 618)	-	16 913	-	-	-	(3 650)
Philippi East Market	Environmental Affairs and Development Planning	(140)	-	-	-	-	(8)	-	(148)
Philippi East Phase 5	Agriculture	(737)	-	-	149	-	(40)	-	(628)
Philippi Park Flooding	Human Settlements	(148)	-	-	118	-	-	-	(30)
Philippi East Market	Human Settlements	(1 363)	-	-	-	389	(30)	-	(974)
Phoenix UISP, Top Structure	Agriculture	(501)	-	37	4	73	-	(41)	(531)
Peoples Housing Process	Human Settlements	(215)	-	377	39 240	-	(2 131)	-	(142)
Phumlani Transfers	Human Settlements	(34 411)	(8)	-	8	-	-	-	(32 262)
Provision of Security Improvements at Rail Park-and-ride Facilities	Transport and Public Works	(24)	-	-	-	-	-	-	(24)
Public Library Fund	Cultural Affairs and Sport	-	(2 000)	-	810	-	(21)	-	(1 211)
RDP Discretionary Fund Toilets Marconi Beam	Treasury	(2 417)	(24 267)	-	14 194	9 756	(600)	-	(3 334)
Redhill Informal Settlement	Human Settlements	(45)	-	-	-	-	-	-	(45)
River Clean and Green Project	Human Settlements	(230)	-	-	-	-	(14)	-	(244)
Rondevelei Housing Project	Environmental Affairs and Development Planning	(339)	-	-	-	-	(20)	-	(359)
Sanral Emergency Project 1 600 Units	Human Settlements	(235)	(345)	-	-	338	-	-	(242)
SEFP: Kewtown Flats	Human Settlements	(6 156)	(28 139)	-	156	26 050	-	-	(8 089)
Sercor Park	Human Settlements	-	-	-	-	1 650	-	(1 650)	-
Silvertown Khayelitsha 2 000 Structures	Human Settlements	-	(10 743)	44	8 065	1 930	-	-	(704)
		(5 721)	-	-	546	-	-	-	(5 175)

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

Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
					Operating R'000	Capital R'000			
Site C Survey and Subdivision	Human Settlements	(3 509)	-	-	752	880	-	-	(1 877)
Soccer Club Development Fund	Cultural Affairs and Sport	(116)	-	-	-	-	-	-	(116)
Somerset West Housing Project	Human Settlements	-	(5 000)	378	-	990	-	-	(3 632)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Spatial Planning District Plans	Environmental Affairs and Development Planning	(2)	-	-	-	-	-	-	(2)
Stilwaney Child Care Centre	Cultural Affairs and Sport	(32)	-	-	-	-	-	-	(32)
Stormwater CRCH Prov Bulk	Environmental Affairs and Development Planning	(387)	-	-	-	-	-	-	(387)
Stormwater Culver Lotus Canal	Environmental Affairs and Development Planning	(90)	-	-	-	-	-	-	(90)
Strandfontein Baths	Cultural Affairs and Sport	(3)	-	-	-	-	-	-	(3)
Streets – Crossroads	Transport and Public Works	(149)	-	-	-	-	-	-	(149)
Swartklip Sports Facility	Cultural Affairs and Sport	(87)	-	-	-	-	-	-	(87)
Table Mountain Biosphere	Environmental Affairs and Development Planning	(204)	-	-	68	-	-	-	(136)
Tafelsig Area L: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tafelsig Multipurpose Centre	Cultural Affairs and Sport	(519)	-	-	-	-	-	-	(519)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(1 803)	(11 837)	-	12 431	-	-	-	(1 209)
Temperance Town	Human Settlements	-	(1 817)	-	-	1 935	-	(118)	-
Testing Facilities: Learner's Driving	Transport and Public Works	(10)	-	-	-	-	-	-	(10)
Tsoga Environmental Resource Centre	Human Settlements	(251)	-	-	-	-	-	-	(251)
Upgrade Heinz Park Hall	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement STN Nodes	Environmental Affairs and Development Planning	(26)	-	-	-	-	-	-	(26)
Vaccines	Health	-	(49 891)	3 642	56 974	-	-	(10 726)	(1)
Vehicle Impound Facility Maitland	Transport and Public Works	-	(2 900)	-	-	-	(59)	-	(2 959)

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

Description	Source	Balance unspent at the beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met – transferred to liabilities R'000
					Operating R'000	Capital R'000			
Vrygrond	Human Settlements	(32)	(19)	-	19	-	-	-	(32)
Vrygrond (EPH)	Human Settlements	(273)	-	-	37	-	(15)	-	(251)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10 Housing Project	Human Settlements	(20 299)	(23)	-	2 711	365	-	(40)	(17 286)
Wallacedene Civil Service Investigation	Environmental Affairs and Development Planning	(28)	-	-	-	-	-	-	(28)
Wesbank and Happy Valley – Uluntu Plaza	Human Settlements	(123)	-	-	-	-	-	-	(123)
Wesbank Sport Complex	Cultural Affairs and Sport	(6)	-	-	-	-	-	-	(6)
Witsand Housing Project Phase 1, 2	Human Settlements	(2 057)	(30 443)	-	780	16 809	-	-	(14 911)
Total Provincial Government transfers and grants		(246 903)	(719 762)	(16 696)	317 778	307 328	(6 597)	(29 954)	(394 806)
Total National Government transfers and grants		(702 923)	(1 023 758)	81 118	89 545	865 988	(37 312)	-	(727 342)
Total Provincial Government transfers and grants		(246 903)	(719 762)	(16 696)	317 778	307 328	(6 597)	(29 954)	(394 806)