

CITY OF CAPE TOWN

2014

**UNAUDITED
ANNUAL FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED 30 JUNE



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

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Reporting Entity's Mandate

The City of Cape Town is a high capacity, category A, local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the City are to:

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

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

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2014, as set out on pages 12 to 71 in terms of section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of political office bearers as disclosed in Note 29 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: *29* August 2014



Executive Mayor
Alderman De Lille, P

Speaker
Alderman Smit, JD
Chief Whip
Alderman Serritslev, AM



Executive Deputy Mayor
Alderman Neilson, ID

Members of the Mayoral Committee

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

Members of the Audit Committee

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

Auditors

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

Private Bag X1
Chempet
7442

Bankers

ABSA Capital
1st floor
163 Uys Krige Street
Platteklouf
7500

PO Box 4110
Tyger Valley
7536

Registered office

12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000



City Manager
Achmat Ebrahim



Chief Financial Officer
Kevin Jacoby

Council members of the City of Cape Town

Councillor/Alderman

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

	Note	2014 R'000	2013 R'000 Restated ¹
ASSETS			
Non-current assets			
		34 817 678	29 033 825
Property, plant and equipment	1	30 538 858	27 800 770
Heritage assets	2	9 111	9 411
Investment property	3	190 849	191 945
Intangible assets	4	729 507	756 609
Investments	5	3 245 041	173 425
Long-term receivables	6	104 312	101 665
Current assets			
		9 904 351	12 900 815
Inventory	7	269 283	256 550
Receivables	8	4 309 649	4 172 233
Receivables from exchange transactions		3 064 236	2 993 801
Receivables from non-exchange transactions		1 245 413	1 178 432
Other receivables	9	417 304	290 496
Other receivables from exchange transactions		118 725	135 652
Other receivables from non-exchange transactions		298 579	154 844
Investments	5	2 621 906	3 430 794
Current portion of long-term receivables	6	19 650	20 546
Cash and cash equivalents	10	2 266 559	4 730 196
TOTAL ASSETS		44 722 029	41 934 640
LIABILITIES			
Non-current liabilities			
		12 425 101	11 488 749
Borrowings	11	6 666 139	6 936 236
Provisions	12	5 758 962	4 552 513
Current liabilities			
		8 155 256	7 988 695
Deposits	13	370 217	308 217
Provisions	14	1 078 550	1 817 235
Payables from exchange transactions	15	4 763 375	4 517 030
Unspent conditional grants and receipts	16	1 495 768	858 556
Value-added-tax	17	79 021	69 491
Current portion of borrowings	11	368 325	418 166
Total liabilities		20 580 357	19 477 444
NET ASSETS			
Total net assets			
		24 141 672	22 457 196
Housing development fund	18	468 419	504 356
Reserves	19	1 751 497	1 793 464
Accumulated surplus	20	21 921 756	20 159 376
TOTAL NET ASSETS AND LIABILITIES		44 722 029	41 934 640

1. Comparative restated: see note 44 for more details.

Statement of Financial Performance for the year ended 30 June 2014

Budget			Actual	
2014 R'000	2013 R'000		2014 R'000	2013 R'000
				Restated ¹
15 510 637	14 633 409	REVENUE		
14 254 547	13 464 792	Exchange revenue	15 372 333	14 935 870
336 823	303 006	Service charges	13 903 680	13 099 805
503 415	482 538	Rental of letting stock and facilities	317 890	306 606
39 280	33 120	Finance income	653 365	632 187
134 992	115 992	Licences and permits	44 386	41 844
172 580	164 961	Agency services	150 256	132 469
69 000	69 000	Other income	237 850	636 212
		Gains on disposal of property, plant and equipment	64 906	86 747
13 168 648	13 002 029	Non-exchange revenue	12 818 591	12 427 584
118 437	106 869	City improvement districts (CIDs)	118 487	106 869
5 427 388	5 161 136	Property rates	5 546 774	5 076 445
1 895 992	1 706 690	Fuel levy	1 895 992	1 706 690
168 710	172 827	Fines	729 140	100 524
5 459 104	5 790 109	Government grants and subsidies	4 442 190	5 394 440
99 017	64 398	Public contributions	86 008	42 616
28 679 285	27 635 438	Total revenue	28 190 924	27 363 454
		EXPENDITURE		
9 459 183	7 638 200	Employee-related costs	8 640 854	7 446 199
123 721	112 904	Remuneration of councillors	119 708	111 673
901 092	1 015 167	Impairment costs	1 328 226	933 922
190 478	179 040	Collection costs	174 129	183 024
1 937 824	1 581 891	Depreciation and amortisation expenses	1 752 270	1 620 275
863 954	749 285	Finance costs	807 283	728 669
6 607 911	6 509 473	Bulk purchases	6 591 232	6 391 186
3 350 129	2 825 552	Contracted services	3 312 529	2 825 946
122 494	108 830	Grants and subsidies paid	115 021	103 144
3 669 134	3 715 975	General expenses	3 663 252	3 574 247
4	-	Losses on disposal of property, plant and equipment	1 944	1 443
27 225 924	24 436 317	Total expenditure	26 506 448	23 919 728
1 453 361	3 199 121	Surplus from operations	1 684 476	3 443 726
1 453 361	3 199 121	SURPLUS FOR THE YEAR	1 684 476	3 443 726

1. Comparative restated: see note 44 for more details.

Statement of Changes in Net Assets for the year ended 30 June 2014

	Housing development fund	Capital replacement reserve	Self- insurance reserve	Accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
2013					
Balance at 30 June 2012	521 463	1 274 073	496 182	16 721 752	19 013 470
Surplus at 30 June 2013	-	-	-	3 443 726	3 443 726
Transfer to/(from)	3 899	619 686	15 561	(639 146)	-
Property, plant and equipment purchased	(21 006)	(612 038)	-	633 044	-
Balance at 30 June 2013	504 356	1 281 721	511 743	20 159 376	22 457 196
2014					
Surplus for the year	-	-	-	1 684 476	1 684 476
Transfer to/(from)	(13 848)	419 180	51 761	(457 093)	-
Property, plant and equipment purchased	(22 089)	(512 908)	-	534 997	-
Balance at 30 June 2014	468 419	1 187 993	563 504	21 921 756	24 141 672

Cash Flow Statement for the year ended 30 June 2014

	Note	2014 R'000	2013 R'000 Restated ¹
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		26 430 197	24 264 338
Cash paid to suppliers and employees		(21 937 505)	(18 797 879)
Cash generated from operations	36	4 492 692	5 466 459
Finance income		814 431	681 878
Finance costs		(791 549)	(645 706)
NET CASH FROM OPERATING ACTIVITIES		4 515 574	5 502 631
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and other		(4 502 293)	(5 868 809)
Proceeds on disposal of assets		71 458	93 472
Increase in long-term receivables		(1 751)	(3 125)
Increase in investments		(2 263 558)	(574 187)
NET CASH FROM INVESTING ACTIVITIES		(6 696 144)	(6 352 649)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	2 384 420
Repayment of borrowings		(345 067)	(165 311)
Increase in deposits		62 000	33 273
NET CASH FROM FINANCING ACTIVITIES		(283 067)	2 252 382
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	37	(2 463 637)	1 402 364
Cash and cash equivalents at the beginning of the year		4 730 196	3 327 832
Cash and cash equivalents at the end of the year		2 266 559	4 730 196

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

Statement of comparison of budget and actual amounts for the year ended 30 June 2014

Note	Actual R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION 39.2.1					
Total non-current assets	34 817 678	33 525 814	33 418 774	(1 398 904)	(4,19)
Total current assets	9 904 351	11 085 280	11 425 726	1 521 375	13,32
Total assets	44 722 029	44 611 094	44 844 500	122 471	0,27
Total non-current liabilities	12 425 101	11 249 547	12 689 826	264 725	2,09
Total current liabilities	8 155 256	8 556 365	8 213 344	58 088	0,71
Total liabilities	20 580 357	19 805 912	20 903 170	322 813	1,54
Total net assets	24 141 672	24 805 182	23 941 330	(200 342)	(0,84)
Total net assets and liabilities	44 722 029	44 611 094	44 844 500	122 471	0,27
STATEMENT OF FINANCIAL PERFORMANCE 39.2.2					
Service charges	13 903 680	14 442 391	14 254 547	350 867	2,46
Rental of letting stock and facilities	317 890	336 471	336 823	18 933	5,62
Finance income	653 365	503 143	503 415	(149 950)	(29,79)
Licences and permits	44 386	35 601	39 280	(5 106)	(13,00)
Agency services	150 256	121 993	134 992	(15 264)	(11,31)
Other income	356 337	283 950	291 017	(65 320)	(22,45)
Gains on disposal of property, plant and equipment	64 906	69 000	69 000	4 094	5,93
Property rates	5 546 774	5 427 388	5 427 388	(119 386)	(2,20)
Fuel levy	1 895 992	1 895 992	1 895 992	-	-
Fines	729 140	183 256	168 710	(560 430)	(332,19)
Government grants and subsidies	4 442 190	5 123 583	5 459 104	1 016 914	18,63
Public contributions	86 008	55 629	99 017	13 009	13,14
Total revenue	28 190 924	28 478 397	28 679 285	488 361	1,70
Employee-related costs	8 640 854	8 253 458	9 459 183	818 329	8,65
Remuneration of councillors	119 708	123 721	123 721	4 013	3,24
Impairment costs	1 328 226	886 092	901 092	(427 134)	(47,40)
Collection costs	174 129	190 732	190 478	16 349	8,58
Depreciation and amortisation expenses	1 752 270	1 914 841	1 937 824	185 554	9,58
Finance costs	807 283	863 894	863 954	56 671	6,56
Bulk purchases	6 591 232	6 898 881	6 607 911	16 679	0,25
Contracted services	3 312 529	3 192 182	3 350 129	37 600	1,12
Grants and subsidies paid	115 021	39 544	122 494	7 473	6,10
General expenses	3 663 252	3 780 737	3 669 134	5 882	0,16
Losses on disposal of property, plant and equipment	1 944	-	4	(1 940)	(485,00)
Total expenditure	26 506 448	26 144 082	27 225 924	719 476	2,64
Surplus for the year	1 684 476	2 334 315	1 453 361	(231 115)	(15,90)
CASH FLOW STATEMENT 39.2.3					
Net cash from (used) operating	4 515 574	4 447 103	4 639 183	123 609	2,66
Net cash from (used) investing	(6 696 144)	(5 109 063)	(5 536 736)	1 159 408	(20,94)
Net cash from (used) financing	(283 067)	(598 143)	(598 143)	(315 076)	52,68
Net decrease in cash and cash equivalents	(2 463 637)	(1 260 103)	(1 495 696)	967 941	(64,72)
CAPITAL EXPENDITURE 39.2.4					
City Health	25 185	23 717	30 096	4 911	16,32
City Manager	13 070	13 892	14 095	1 025	7,27
Compliance and Auxiliary Services	24 044	37 865	31 343	7 299	23,29
Community Services	161 422	222 027	209 126	47 704	22,81
Corporate Services	286 544	258 892	294 109	7 565	2,57
Economic, Environment and Spatial Planning	54 193	58 459	64 469	10 276	15,94
Finance	13 384	11 784	44 204	30 820	69,72
Safety and Security	63 809	67 927	64 280	471	0,73
Social and Early Childhood Development	7 142	5 460	7 838	696	8,88
Tourism, Events and Marketing	23 102	28 661	26 530	3 428	12,92
Transport, Roads and Stormwater	1 113 033	1 415 743	1 617 285	504 252	31,18
Human Settlements	564 330	626 894	772 040	207 710	26,90
Solid Waste Management	136 619	264 938	139 505	2 886	2,07
Water and Sanitation	823 478	956 230	933 026	109 548	11,74
Cape Town Electricity	1 192 938	1 458 104	1 363 695	170 757	12,52
Total ¹	4 502 293	5 450 593	5 611 641	1 109 348	19,77

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

GENERAL INFORMATION

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

SIGNIFICANT ACCOUNTING POLICIES

The City of Cape Town's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 44, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

Basis of presentation

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

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

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

▪ Operating lease commitments – City as lessor

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

▪ Pension and other post-employment benefits

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

▪ Impairment of receivables

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

▪ Impairment of property, plant and equipment

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

▪ Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 12 and 46.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

▪ Useful lives of property, plant and equipment

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets is also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

▪ Budget information

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

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

▪ Cash-generating assets

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff.

As such management has determined that the City does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating assets will apply to all assets of the City.

Adoption of new and revised standards

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

The City has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. At the date of submission of these financial statements for the year ended 30 June 2014 the following standards had been issued but were not yet effective:

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

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

HOUSING FUNDS

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

Housing development fund

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

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

Unrealised housing proceeds

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

RESERVES

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

Capital replacement reserve (CRR)

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

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

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

Insurance reserve

Self-insurance reserve

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

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

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

Compensation for occupational injuries and diseases (COID) reserve

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

The City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

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

Depreciation rates

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

	Years		Years
Infrastructure		Other	
Roads and paving	10-50	Buildings	20-50
Electricity	15-50	Specialise vehicles	8-20
Water	15-30	Other vehicles	5-10
Sewerage	15-20	Office equipment	3-10
Housing	30	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
		Library books	1
Community		Furniture and	
Recreational facilities	20-30	Fittings	10
Security	5-10	Central processing	
		units	4
		Plant and	
		equipment	5

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

INVESTMENT PROPERTIES

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

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

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

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

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

HERITAGE ASSETS

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

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

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

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

INTANGIBLE ASSETS

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

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

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

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

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All assets are classified as non-cash-generating assets.

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

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

INVENTORIES

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

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

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

VALUE-ADDED TAX

The City accounts for value-added tax (VAT) on the payment basis.

GRANTS AND RECEIPTS

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

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

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

PROVISIONS

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

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

ENVIRONMENTAL REHABILITATION PROVISIONS

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

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

EMPLOYEE BENEFITS

Retirement benefit plans

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

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

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

Post-retirement pension funds

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

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

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

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

Medical aid: Continued members

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

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

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

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

Short-term and long-term employee benefits

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

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

REVENUE RECOGNITION

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

Revenue from exchange transactions

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

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

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

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

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

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

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

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

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

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

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

Revenue from non-exchange transactions

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

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

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

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

LEASES

The City as lessee

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

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

The City has no finance lease agreements currently.

The City as lessor

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

GRANTS-IN-AID

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

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

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

FINANCIAL INSTRUMENTS

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

Financial assets

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

Investments at fair value

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

Investments at amortised cost

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

Investments at cost

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

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

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

Financial liabilities

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

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

PAYABLES

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

RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

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

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

UNAUTHORISED EXPENDITURE

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

IRREGULAR EXPENDITURE

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

FRUITLESS AND WASTEFUL EXPENDITURE

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

SERVICES IN-KIND

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

FOREIGN-CURRENCY TRANSACTIONS

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

BORROWING COSTS

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

RELATED PARTIES

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

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

BUDGET INFORMATION

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

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

The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries. These figures are those approved by Council both at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

OFFSETTING

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

COMPARATIVE INFORMATION

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

1. PROPERTY, PLANT AND EQUIPMENT

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

(See Appendix B for more detail)

As at 30 June 2013							
Land and buildings	1 532 488	94 755	117 273	-	(27 614)	(7 104)	1 709 798
Infrastructure	13 428 939	(405 083)	2 754 460	-	(711 933)	-	15 066 383
Community	5 676 045	215 534	413 260	(7)	(260 863)	(6)	6 043 963
Other	2 672 611	351	1 839 945	(5 926)	(544 022)	-	3 962 959
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	-	1 017 667
TOTAL	24 217 257	(4 950)	5 193 371	(6 207)	(1 591 591)	(7 110)	27 800 770

Provision has been made for the estimated cost of rehabilitation of waste sites, included in other assets, as described in note 14.

The City is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 44.2).

Fully depreciated assets at an original cost of R607,80 million (2013: R731,91 million) are still in use.

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

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

August 2013 the City entered into long term agreements with 3 operators to run a high-quality bus-based urban transit system or IRT System, known as MyCiti. In terms of these agreements, the City has made available to the operators busses (and related depots) purchased by the City for the purposes of rendering of the MyCiti services. The agreements were for an initial period of 12 years after which a new tender process will be followed. In terms of the agreements the City has full control over the nature timing and the extent of the services that the operators have to perform and the fees for the services rendered are determined as per the operator specific schedules and annexes which form part of the signed agreements.

The 2013 comparison amount of R27,80 billion has been restated from R28,43 billion (see note 44.1).

2. HERITAGE ASSETS

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
	R'000	R'000	R'000	R'000	R'000
As at 30 June 2014					
Assets under construction	330	(330)	-	-	-
Paintings and art galleries	9 081	-	37	(7)	9 111
TOTAL	9 411	(330)	37	(7)	9 111

(See Appendix B for more detail)

As at 30 June 2013

Assets under construction	3 634	(3 634)	330	-	330
Paintings and art galleries	9 108	(27)	-	-	9 081
TOTAL	12 742	(3 661)	330	-	9 411

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

3. INVESTMENT PROPERTY

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000
As at 30 June 2014					
Vacant land	148 574	-	-	-	148 574
Land and buildings	43 371	545	-	(1 641)	42 275
TOTAL	191 945	545	-	(1 641)	190 849

(See Appendix B for more detail)

As at 30 June 2013

Vacant land	147 498	-	1 076	-	148 574
Land and buildings	44 980	20	-	(1 629)	43 371
TOTAL	192 478	20	1 076	(1 629)	191 945

4. INTANGIBLE ASSETS

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

(See Appendix B for more detail)

As at 30 June 2013

Assets under construction	-	-	631 109	-	631 109
Computer software	100 432	6 673	45 450	(27 055)	125 500
TOTAL	100 432	6 673	676 559	(27 055)	756 609

The 2013 comparison amount of R756,61 million has been restated from R125,50 million (see note 44.1).

5. INVESTMENTS

As at 30 June 2014

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	69 820	-	-	69 820
Sinking-fund deposits – see note 11 and 38	1 631 750	-	-	1 631 750
Other fixed deposits	726 439	-	-	726 439
Deposits held with fund managers	-	5 314 123	-	5 314 123
Shares in CTICC	-	-	434 000	434 000
	2 428 009	5 314 123	434 000	8 176 132
Provision for impairment	(5 328)	-	(245 232)	(250 560)
Net investments	2 422 681	5 314 123	188 768	7 925 572
Current portion transferred to short-term investments	(39 556)	(2 582 350)	-	(2 621 906)
Current portion transferred to cash and cash equivalents – see note 10	(721 040)	(1 337 585)	-	(2 058 625)
TOTAL	1 662 085	1 394 188	188 768	3 245 041

Investments detailed as follows:

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

As at 30 June 2013

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	60 746	-	-	60 746
Sinking-fund deposits – see note 11 and 38	80 157	820 718	-	900 875
Other fixed deposits	3 438 398	-	-	3 438 398
Deposits held with fund managers	-	3 713 527	-	3 713 527
Shares in CTICC	-	-	284 000	284 000
	3 579 301	4 534 245	284 000	8 397 546
Provision for impairment	(5 328)	-	(245 232)	(250 560)
Net investments	3 573 973	4 534 245	38 768	8 146 986
Current portion transferred to short-term investments	(6 315)	(3 424 479)	-	(3 430 794)
Current portion transferred to cash and cash equivalents – see note 10	(3 433 001)	(1 109 766)	-	(4 542 767)
TOTAL	134 657	-	38 768	173 425

Investments detailed as follows:

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

Collateral deposits for staff housing loans

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

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

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

The cost of the City's investment in Convenco, R434,00 million (2013: R284,00 million), has been compared with its share of the present value of Convenco's estimated future cash flows discounted at a market related rate of interest. As at 30 June 2014, the value of the previous financial year end was maintained as the change in value was considered insignificant. The impairment loss provision at 30 June 2014 is therefore maintained at R245,23 million (2013: R245,23 million).

Compensation for Occupational Injuries and Diseases (COID investments)

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

6. LONG-TERM RECEIVABLES

Sporting bodies
Housing land sales

Public organisations
Provision for impairment

Housing selling developments
Provision for impairment

Current portion transferred to current receivables

TOTAL

	2014 R'000	2013 R'000
	897	1 033
	868	947
	2 860	2 992
	6 075	7 672
	(3 215)	(4 680)
	119 337	117 239
	131 806	155 944
	(12 469)	(38 705)
	123 962	122 211
	(19 650)	(20 546)
TOTAL	104 312	101 665
Reconciliation of impairment provision		
Balance at beginning of the year	43 385	82 481
Contribution from provisions	(27 701)	(39 096)
Balance as at 30 June	15 684	43 385

Sporting bodies

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

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

Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 8,5% per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

7. INVENTORY

	2014	2013
	R'000	R'000
Consumable stores	217 730	210 755
Medical supplies	294	786
Spare parts and meters	21 313	18 530
Water	19 649	12 792
Other goods held for resale	10 297	13 687
TOTAL	269 283	256 550

Inventory to the value of R3,27 million (2013: R803 263) was scrapped during the year. Inventories (excluding bulk water) that were recognised as stores issues during the year amounted to R972,23 million (2013: R862,64 million), of which a portion was capitalised.

8. RECEIVABLES

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

As at 30 June 2014, the City's receivables balance included an amount of approximately R143,02 million (2013: R106,37 million), owed by National Government and the Provincial Government.

Reconciliation of impairment provision

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

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

Analysis of receivables' age in days

	As at 30 June 2014			As at 30 June 2013		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
	R'000	R'000	R'000	R'000	R'000	R'000
FROM EXCHANGE TRANSACTIONS	6 507 650	(3 443 414)	3 064 236	6 230 054	(3 236 253)	2 993 801
Service debtors	5 572 972	(2 854 984)	2 717 988	5 170 784	(2 548 961)	2 621 823
Electricity	1 303 716	(133 746)	1 169 970	1 321 140	(154 439)	1 166 701
Not due	866 720	-	866 720	896 663	(13 988)	882 675
Past due						
1-30	127 737	-	127 737	119 640	(1 866)	117 774
31-60	32 317	-	32 317	40 545	(633)	39 912
61-90	21 948	-	21 948	16 945	(264)	16 681
91-365	121 248	-	121 248	111 397	(1 738)	109 659
+365	133 746	(133 746)	-	135 950	(135 950)	-
Water	2 637 398	(1 728 483)	908 915	2 389 548	(1 533 672)	855 876
Not due	360 859	(63 944)	296 915	354 779	(61 555)	293 224
Past due						
1-30	116 261	(20 601)	95 660	71 395	(12 387)	59 008
31-60	70 453	(12 484)	57 969	66 740	(11 579)	55 161
61-90	69 382	(12 295)	57 087	73 117	(12 686)	60 431
91-365	487 706	(86 422)	401 284	469 512	(81 460)	388 052
+365	1 532 737	(1 532 737)	-	1 354 005	(1 354 005)	-
Waste management	439 662	(251 862)	187 800	390 415	(221 209)	169 206
Not due	51 260	(3 224)	48 036	51 520	-	51 520
Past due						
1-30	28 022	(1 762)	26 260	17 550	-	17 550
31-60	15 387	(968)	14 419	12 676	-	12 676
61-90	14 084	(886)	13 198	12 556	-	12 556
91-365	91 652	(5 765)	85 887	74 904	-	74 904
+365	239 257	(239 257)	-	221 209	(221 209)	-
Wastewater management	1 192 196	(740 893)	451 303	1 069 681	(639 641)	430 040
Not due	175 050	(24 087)	150 963	171 089	(19 642)	151 447
Past due						
1-30	57 280	(7 882)	49 398	33 296	(3 822)	29 474
31-60	35 830	(4 930)	30 900	30 839	(3 540)	27 299
61-90	32 182	(4 428)	27 754	34 777	(3 992)	30 785
91-365	222 969	(30 681)	192 288	215 810	(24 775)	191 035
+365	668 885	(668 885)	-	583 870	(583 870)	-
Housing rental stock	543 828	(473 022)	70 806	487 603	(421 438)	66 165
Not due	44 590	(26 558)	18 032	47 661	(28 702)	18 959
Past due						
1-30	18 058	(10 755)	7 303	15 676	(9 440)	6 236
31-60	9 423	(5 612)	3 811	8 155	(4 911)	3 244
61-90	9 372	(5 582)	3 790	9 074	(5 464)	3 610
91-365	93 645	(55 775)	37 870	85 761	(51 645)	34 116
+365	368 740	(368 740)	-	321 276	(321 276)	-

Analysis of receivables' age in days - continued

	As at 30 June 2014			As at 30 June 2013		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
	R'000	R'000	R'000	R'000	R'000	R'000
Housing selling stock	175 969	(106 031)	69 938	357 476	(261 089)	96 387
Not due	28 334	(2 657)	25 677	82 351	(20 386)	61 965
Past due						
1-30	17 880	(1 637)	16 243	4 383	(1 004)	3 379
31-60	(2)	-	(2)	3 874	(961)	2 913
61-90	1 090	(103)	987	2 066	(514)	1 552
91-365	29 824	(2 791)	27 033	35 256	(8 678)	26 578
+365	98 843	(98 843)	-	229 546	(229 546)	-
Other exchange debtors	214 881	(9 377)	205 504	214 191	(4 765)	209 426
Not due	196 113	(1 412)	194 701	321 648	(31 361)	290 287
Past due						
1-30	6 281	(45)	9 236	(23 282)	2 270	(21 012)
31-60	2 920	(21)	2 899	(31 246)	3 046	(28 200)
61-90	475	(4)	471	(10 284)	1 003	(9 281)
91-365	1 206	(9)	1 197	(24 784)	2 416	(22 368)
+365	7 886	(7 886)	-	(17 861)	17 861	-
FROM NON-EXCHANGE TRANSACTIONS	2 032 966	(787 553)	1 245 413	1 987 261	(808 829)	1 178 432
Rates debtors	2 004 006	(781 263)	1 222 743	1 955 806	(800 238)	1 155 568
Not due	840 645	(3 446)	837 199	734 580	(19 098)	715 482
Past due						
1-30	43 208	(177)	43 031	(16 333)	424	(15 909)
31-60	34 301	(140)	34 161	65 568	(1 705)	63 863
61-90	35 301	(145)	35 156	62 974	(1 637)	61 337
91-365	274 321	(1 125)	273 196	339 625	(8 830)	330 795
+365	776 230	(776 230)	-	769 392	(769 392)	-
Other non-exchange debtors	28 960	(6 290)	22 670	31 455	(8 591)	22 864
Not due	13 836	-	13 836	15 474	(1 509)	13 965
Past due						
1-30	4 093	-	4 093	2 249	(219)	2 030
31-60	767	-	767	1 415	(138)	1 277
61-90	604	-	604	1 298	(127)	1 171
91-365	3 370	-	3 370	4 899	(478)	4 421
+365	6 290	(6 290)	-	6 120	(6 120)	-
TOTAL	8 540 616	(4 230 967)	4 309 649	8 217 315	(4 045 082)	4 172 233

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

9. OTHER RECEIVABLES

	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
From exchange transactions	174 069	(55 344)	118 725	187 799	(52 147)	135 652
Payments made in advance	4	-	4	803	-	803
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Other exchange debtors	93 828	(12 665)	81 163	114 861	(9 355)	105 506
From non-exchange transactions	1 136 685	(838 106)	298 579	154 844	-	154 844
Government subsidies	112 385	-	112 385	107 506	-	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	-	47 338
TOTAL	1 310 754	(893 450)	417 304	342 643	(52 147)	290 496

Included in other exchange debtors is an amount of R12,12 million (2013: R25,06 million) for VAT owed by the South African Revenue Service (SARS).

Reconciliation of impairment provision

Balance at beginning of the year
Contributions to provisions
Transfers to provisions
Bad debt written off

Balance as at 30 June

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

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

Analysis of receivables' age in days

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

10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	2014 R'000	2013 R'000
Bank balance	174 987	146 726
Year-end accruals	(26)	(170)
Interest accrual	465	395
Bank charges accrual	(491)	(565)
Cash on hand and in transit	32 973	40 873
Call and short-term deposits – see note 5	721 040	3 433 001
Amortised cost	928 974	3 620 430
Call and short-term deposits	1 329 160	1 098 128
Bank accounts managed by fund managers	8 425	11 638
Fair value – see note 5	1 337 585	1 109 766
TOTAL	2 266 559	4 730 196

The municipality has the following bank accounts

		2014 R'000	2013 R'000	2012 R'000
ABSA				
Primary account	40-5658-4470	174 987	146 726	98 651
Salary bank account	40-5658-4496	-	-	-
Cashier's bank account	40-5658-4527	-	-	-
General income bank account (primary)	40-5658-4569	-	-	-
Traffic fines bank account	40-7261-8663	-	-	-
IRT funding account	5435522023983015	-	-	301
IRT funding account	5435522024946011	-	-	325
IRT funding account	5435522024948017	-	-	320
IRT Investment account	40-7940-0542	-	-	-
IRT bank account	40-8089-5180	-	-	-
Amortised cost		174 987	146 726	99 597

Bank accounts managed by Fund Managers

		*	**			
City of Cape Town	05500125800	40-7635-9041	690	21	477	
City of Cape Town	05500125801	40-7635-9245	1 394	1 163	361	
City of Cape Town	05500125802	40-8124-5134	549	-	-	
City of Cape Town	05500125803	40-7635-9588	1 087	4 889	611	
City of Cape Town	05500125804	40-8124-5192	1 547	-	-	
City of Cape Town	05500125805	40-8124-5176	429	-	-	
City of Cape Town	05500125806	40-7635-9910	1 888	1 184	934	
City of Cape Town	05500125807	40-7635-8647	568	3 174	10 771	
City of Cape Town	05500125808	40-6712-0322	168	345	778	
City of Cape Town	05500125809	40-7636-0082	105	862	344	
Fair value			8 425	11 638	14 276	

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

Absa Bank Ltd sold its custody and trustee business to Standard Chartered Bank, with the sale being registered on 2 December 2013.

The City of Cape Town was required to open a number of bank accounts with Standard Chartered Bank for the purpose of the investment and withdrawal of funds by the various fund managers on behalf of the City of Cape Town in terms of a Power of Attorney provided to each of the appointed fund managers. The effective date of the migration was on 2 December 2013 and the above accounts numbers were opened*.

The City of Cape Town was required to close the Absa bank accounts that were used for the same purpose prior to the sale by Absa of its custody and trustee business to Standard Chartered Bank (see list numbers **).

11. BORROWINGS

Local registered stock loans	
Concessionary loans	
Other loans	
Subtotal - see Appendix A for more details	
Current portion transferred to current liabilities	
TOTAL	

2014	2013
R'000	R'000
4 275 489	4 282 536
1 945 512	2 071 323
813 463	1 000 543
7 034 464	7 354 402
(368 325)	(418 166)
6 666 139	6 936 236

A total of R1,63 billion (2013: R900,88 million) has been ring-fenced for the repayment of long-term liabilities - see note 5 and 38 for more details.

LOCAL REGISTERED STOCK	4 275 489	4 282 536
ABSA Nominees (Pty) Ltd	-	7 047
Secured bond bearing interest at a fixed rate of 14,65% per annum, payable semi-annually. As security, a sinking fund was established, which, together with interest capitalised, was used to settle the original loan liability on 31 March 2014.		
Listed Bonds	4 275 489	4 275 489
In terms of the City's DMTN programme, registered on the Johannesburg Stock Exchange (JSE) Limited unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% to 12,57% per annum. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). Sinking funds have been established for the guaranteed repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).		
CONCESSIONARY LOANS	1 945 512	2 071 323
Agence Francaise De Developpement (AFD)	1 924 290	2 046 972
An unsecured loan of R2,38 billion bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028.		
Nedcor Bank	22	19
An unsecured loan bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019.		
DBSA	21 200	24 332
An unsecured fixed-term loan bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.		
OTHER LOANS	813 463	1 000 543
FirstRand Bank	158 723	168 187
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 interest on 30 June 2017. The loan bears interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group.		
As part of the loan structure, the City purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The City has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the City's obligations to FirstRand Bank under the policies and any other debt liability.		

	2014 R'000	2013 R'000
DBSA Unsecured loans bearing interest at fixed rates ranging between 9,42% to 12,25% per annum, 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.	444 308	583 891
ABSA Bank An unsecured loan bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.	80 000	100 000
FirstRand Bank A structured 15-year loan to the value of R300 million bearing interest at a fixed rate of 12,05% per annum, of which, R74,30 million is repayable semi-annually in equal instalments of capital and fixed interest over 15 years, and the balance of R225,70 million payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group. As part of the loan structure, the City purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The City has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the City's obligations to FirstRand Bank under the put-option agreement and any other debt liability.	130 432	148 465
TOTAL - see Appendix A for more details	7 034 464	7 354 402

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

SHORT-TERM DEBT FACILITIES

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

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

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

Performance guarantee and/or letters of credit

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

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

Business travel card

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

Daylight limit

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

12. PROVISIONS (NON-CURRENT)

	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement health care benefits R'000	Post-retirement pension benefits R'000	Total R'000
As at 30 June 2014					
Balance at the beginning of the year	436 620	332 991	3 728 253	54 649	4 552 513
Interest cost	37 154	31 685	358 004	5 235	432 078
Service cost	34 745	45 340	97 345	2 021	179 451
Benefit payments	(47 392)	-	(153 737)	(1 206)	(202 335)
Actuarial (gains)/losses	(7 295)	(192 947)	1 027 156	(29 518)	797 396
Transferred from current provisions (prior year)	49 059	60 000	154 653	2 125	265 837
	502 891	277 069	5 211 674	33 306	6 024 940
Transfer to current provision	(66 264)	(28 000)	(169 684)	(2 030)	(265 978)
TOTAL	436 627	249 069	5 041 990	31 276	5 758 962

Long-service leave benefits

An actuarial valuation has been performed of the City's liability for long-service leave benefits relating to vested leave benefits, to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2014 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 8,10% (2013: 7,65%) per annum has been used.

2014	2013
%	%

Key financial assumptions

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

Environmental rehabilitation

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

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

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

Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the City's liability in respect of benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – see note 45.4 for more details.

2014	2013
R'000	R'000

13. DEPOSITS

Electricity and water	364 235	305 337
Other deposits	5 982	2 880
	370 217	308 217

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

14. PROVISIONS (CURRENT)

	Opening balance 2014 R'000	Raised R'000	Utilised/ Reversed R'000	Transfers from non-current R'000	Closing balance 2014 R'000
Other provisions	1 082 139	69 557	(878 693)	-	273 003
Insurance claims	10 255	20 856	(10 255)	-	20 856
Post-retirement benefits	156 778	-	(156 778)	171 714	171 714
Environmental rehabilitation	60 000	-	(60 000)	28 000	28 000
Leave benefits	508 063	59 709	(49 059)	66 264	584 977
TOTAL	1 817 235	150 122	(1 154 785)	265 978	1 078 550

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2014, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

Staff leave

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

Other provisions

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

15. PAYABLES FROM EXCHANGE TRANSACTIONS

	2014 R'000	2013 R'000
Trade creditors	3 136 700	3 040 810
Payments received in advance	955 238	809 319
Inter-company advances	27 381	44 584
Third-party payments	302 703	263 563
Other creditors	341 353	358 754
TOTAL	4 763 375	4 517 030

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

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

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

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

	1 428 847	797 039
National Government	1 046 140	527 091
Provincial Government Western Cape - other	382 707	269 948

Other conditional receipts

Public contributions	66 921	61 517
TOTAL	1 495 768	858 556

These amounts are separately invested in terms of Section 12 of the MFMA. See note 26 and 27 for more details of grants from National and Provincial Government as well as public contributions.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended.

17. VAT

VAT payable
Impairment
VAT receivable
TOTAL NET VAT PAYABLE

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

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

Balance at beginning of the year
Income
Land sales
Repayments long-term debtors
Repayments public organisations
Service contributions
Subsidy refunds and other

Interest
Expenditure
Funding capital projects
Funding operating projects
Non-cash transfer to provision for impairment
Balance at end of the year

Unrealised housing proceeds

Balance at beginning of the year
Loans realised
Long-term housing loans
Long-term loans public organisations

Transfer to provision for impairment – long-term debtors selling schemes
Transfer to provision for impairment – long-term public organisations
Balance at end of the year

TOTAL

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

19. RESERVES

Capital replacement reserve
Insurance reserve
Self-insurance reserve
COVID reserve

TOTAL

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

20. ACCUMULATED SURPLUS

Accumulated surplus

Receipts from acquired grant-funded assets to the value of R16,35 billion (2013: R15,05 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

21. SERVICE CHARGES

Sale of electricity
Sale of water
Solid waste
Sewerage and sanitation
Other
TOTAL

2014	2013
R'000	R'000
365 287	341 907
322 429	385 756
42 858	(43 849)
(286 266)	(272 416)
79 021	69 491

384 125	404 597
42 155	40 017
3 116	3 244
32 407	30 777
1 192	1 514
3 467	4 406
1 973	76
14 952	17 784
(89 818)	(70 241)
(22 089)	(21 006)
(67 729)	(49 235)
(5 192)	(8 032)
346 222	384 125

120 231	116 866
(25 734)	(35 732)
(24 138)	(22 647)
(1 596)	(13 085)
26 236	39 589
1 464	(492)
122 197	120 231
468 419	504 356

1 187 993	1 281 721
563 504	511 743
493 849	450 175
69 655	61 568
1 751 497	1 793 464

21 921 756	20 159 376
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9 323 247	8 853 037
2 185 812	2 053 577
837 381	775 144
1 188 106	1 091 897
369 134	326 150
13 903 680	13 099 805

22. RENTAL OF LETTING STOCK AND FACILITIES

Rental agreements
Hire/rentals

Income forgone*

TOTAL

2014	2013
R'000	R'000
318 515	292 535
32 755	47 950
351 270	340 485
(33 380)	(33 879)
317 890	306 606

23. FINANCE INCOME**Exchange transactions**

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

Non-exchange transactions

Interest receivable – outstanding rate debtors

TOTAL

581 877	547 130
514 421	430 370
(53 368)	(66 432)
120 824	183 192
71 488	85 057
653 365	632 187

The 2013 comparative amount of R632,19 million has been restated from R547,23 million (see note 44.1).

24. OTHER INCOME**Exchange transactions**

Insurance recoveries
Bulk infrastructure levies
Skills development levy
Investment impairment reversed
Other income
Gains on foreign-exchange transactions
Fair value adjustments

Non-exchange transactions

City Improvement Districts

TOTAL

237 850	636 212
2 017	1 217
60 054	69 524
20 503	28 118
-	4 288
147 844	131 964
-	98
7 432	401 003
118 487	106 869
356 337	743 081

The 2013 comparative amount of R743,08 million has been restated from R742,98 million (see note 44.1).

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

25. PROPERTY RATES**Actual**

Residential, commercial and state
Income forgone*

TOTAL PROPERTY RATES

6 552 820	6 043 222
(1 006 046)	(966 777)
5 546 774	5 076 445

The 2013 comparative amount of R5,08 billion has been restated from R5,16 billion (see note 44.1).

Valuations

Rateable properties
Non-rateable properties

Total property rates at commencement of financial year

884 713 852	768 198 772
24 052 160	25 716 162
908 766 012	793 914 934

Exempt properties are excluded from the property rates valuations.

Valuations per category

Residential
Commercial
Agriculture
State
Municipal

Total property valuations at commencement of financial year

624 049 005	539 230 646
244 438 376	181 878 233
20 747 223	8 618 247
8 407 241	39 638 134
11 124 167	24 549 674
908 766 012	793 914 934

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

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

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

Equitable share

Conditional grants

Provincial health subsidies

Cape Metropolitan Transport Fund (CMTF)

National projects

Provincial projects – other

Other

TOTAL

2014	2013
R'000	R'000
1 243 270	1 084 416
1 243 270	1 084 416
3 198 920	4 310 024
137 078	129 645
24 317	1 375
2 189 119	3 297 721
836 024	858 821
12 382	22 462
4 442 190	5 394 440

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

Unconditional grants

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

Analysis of government grants and subsidies

Operating

Capital

2 389 432	1 979 795
2 052 758	3 414 645
4 442 190	5 394 440

Provincial health subsidies

Balance unspent at beginning of year

Current-year receipts – included in public health vote

Conditions met – transferred to revenue

Conditions still to be met – transferred to liabilities

-	-
(137 078)	(129 645)
137 078	129 645
-	-

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

Provincial projects and CMTF

Balance unspent at beginning of the year

Regrouping adjustment

Current-year receipts

Interest earned

Adjustments

Conditions met – transferred to revenue

Amounts still to be claimed

Conditions still to be met – transferred to liabilities – see note 16

(269 948)	(224 906)
48 740	44 042
(937 585)	(867 899)
(9 328)	(7 056)
33 056	31 481
860 341	860 196
(107 983)	(105 806)
(382 707)	(269 948)

	2014 R'000	2013 R'000
National Government projects		
Balance unspent at beginning of year	(527 091)	(1 378 915)
Regrouping adjustment	60	-
Current-year receipts	(2 672 459)	(2 389 988)
Interest earned	(40 879)	(56 369)
Adjustments	5 110	521
Conditions met – transferred to revenue	2 189 119	3 297 721
Amounts still to be claimed	-	(61)
Conditions still to be met – transferred to liabilities – see note 16	(1 046 140)	(527 091)
<p>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.</p>		
27. PUBLIC CONTRIBUTIONS		
Public contributions: Consumer connections	37 423	31 932
Other	48 585	10 684
TOTAL	86 008	42 616
Public contributions and other third-party funds		
Balance unspent at beginning of the year	(61 517)	(61 931)
Regrouping adjustment	1 639	-
Current-year receipts	(52 670)	(40 429)
Interest earned	(923)	(502)
Adjustments	(35 056)	368
Conditions met – transferred to revenue	86 008	42 616
Amounts still to be claimed	(4 402)	(1 639)
Conditions still to be met – transferred to liabilities – see note 16	(66 921)	(61 517)
<p>The City receives grants from various private donors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.</p>		
28. EMPLOYEE-RELATED COSTS		
Salaries and wages	5 323 227	4 753 781
Social contributions – UIF, pensions and medical aid	1 394 292	1 254 508
Travel, car, accommodation, subsistence and other allowances	338 487	305 813
Housing benefits and allowances	26 512	29 266
Overtime payments	359 418	335 100
Contributions and benefits paid: current provisions	(304 166)	182 037
Contribution: post-retirement and long service benefits	1 524 847	608 305
Current service cost	134 111	137 343
Interest cost	400 393	305 758
Actuarial losses	990 343	165 204
	8 662 617	7 468 810
Expenditure recharged to capital projects	(21 763)	(22 611)
TOTAL	8 640 854	7 446 199
29. REMUNERATION OF COUNCILLORS		
Executive Mayor	1 164	1 108
Deputy Executive Mayor	841	781
Speaker	841	781
Chief Whip	770	734
Mayoral Committee Members	8 097	7 786
Subcouncil Chairpersons	18 994	18 025
Portfolio chairpersons	11 697	11 225
Councillors	66 609	62 659
Councillors' pension contributions	4 582	4 488
	113 595	107 587
Reimbursed travel claims	6 113	4 086
TOTAL	119 708	111 673

	2014	2013
	R'000	R'000
30. IMPAIRMENT COSTS		
Allowances for impairment losses	1 295 526	926 812
Impairment of property, plant and equipment	32 700	7 110
TOTAL	1 328 226	933 922
31. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of property, plant and equipment	1 699 964	1 591 591
Depreciation of investment property	1 641	1 629
Amortisation of intangible assets	50 665	27 055
TOTAL – see notes 1, 3, 4 and Appendix B	1 752 270	1 620 275
32. FINANCE COSTS		
Borrowings (amortised cost)	774 768	675 881
Losses on valuation of investment	830	7 903
Unwinding of discount	31 685	31 536
Bond issue expenses	-	13 349
TOTAL	807 283	728 669
The 2013 comparative amount of R728,67 million has been restated from R729,17 million (see note 44.1).		
33. BULK PURCHASES		
Electricity	6 283 114	6 097 891
Water	308 118	293 295
TOTAL	6 591 232	6 391 186
34. GRANTS AND SUBSIDIES PAID		
Ad hoc	39 113	-
Community development and upliftment	1 338	8 918
Economic development and promotion of tourism	41 947	66 368
Education institutions	413	365
Health forum/health, HIV/Aids and TB programmes	2 649	4 768
Senior citizens – facilities for the aged	100	100
Social development and arts and culture	-	7 674
Sporting bodies	285	520
Cape Town World Design Company	23 000	8 500
Khayelitsha Community Trust	6 176	5 931
TOTAL	115 021	103 144
35. GENERAL EXPENSES		
Auditor remuneration	12 126	13 307
CID levy	114 884	103 663
Consultants	123 776	162 459
Contributions to/(from) provisions	(59 246)	31 765
Free basic electricity*	101 680	101 075
Fair value adjustments	(4)	209
Fuel (Petrol, Diesel and Fuel Oil)	268 642	220 407
Indigent relief	469 646	446 475
Inventory: Scrapping	3 268	803
Legal fees	42 866	42 954
Loss on foreign exchange transactions	3 002	505
Materials General and consumables	299 153	284 193
Security services	398 863	344 827
Telecommunications	96 155	104 502
Other expenditure (less than 5%)	1 790 213	1 720 268
	3 665 024	3 577 412
Expenditure recharged to capital projects	(1 772)	(3 165)
TOTAL	3 663 252	3 574 247

The 2013 comparative amount of R3,574 billion has been restated from R3,573 billion (see note 44.1).

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

	2014 R'000	2013 R'000
36. CASH GENERATED FROM OPERATIONS		
Surplus for the year	1 684 476	3 443 726
Adjustment for:	3 380 341	2 359 220
Depreciation	1 752 270	1 620 275
Contributed assets	(33 386)	(2 527)
Impairment	65 324	7 110
Fair value adjustment – concessionary loans	41 910	(378 838)
Gains and losses on disposal of assets	(62 962)	(85 304)
Gains on forex exchange	-	(98)
Contribution to provisions	436 079	1 236 234
Contribution to impairment provision	1 027 188	(129 826)
Investment impairment reversed	-	(4 288)
Finance income	(653 365)	(632 187)
Cash transactions	(814 431)	(681 878)
Non-cash transactions	161 066	49 691
Finance costs	807 283	728 669
Cash transactions	791 549	645 706
Non-cash transactions	15 734	82 963
Operating surplus before working capital changes	5 064 817	5 802 946
Increase in inventories	(12 734)	(3 542)
Increase in receivables	(484 367)	(106 494)
Increase in other receivables	(968 111)	(24 103)
Increase/(decrease) in unspent conditional grants and receipts	637 212	(807 196)
Increase in payables	246 345	593 113
Increase in net VAT	9 530	11 735
Cash generated from operations	4 492 692	5 466 459
37. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	2 266 559	4 730 196
Balance at the beginning of the year	4 730 196	3 327 832
Net (decrease)/increase in cash and cash equivalents	(2 463 637)	1 402 364
38. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS		
Long-term liability raised – see Appendix A	-	2 384 420
External Finance Fund (EFF) earmarked capital expenditure	(6 551 825)	(5 676 732)
2012/13 and prior years	(4 694 936)	(3 923 308)
Current year	(1 856 889)	(1 753 424)
Total EFF (overdrawn)	(6 551 825)	(3 292 312)
Cash set aside for the repayment of long-term liabilities – see note 5 and 11	1 631 750	900 875
Cash overdrawn	(4 920 075)	(2 391 437)
39. BUDGET INFORMATION		
39.1 Explanation of variances between approved and final budget amounts		
The reasons for the variances between the approved and final budgets are mainly due to virements. The increase in the expected capital budget is due to the reprioritising of capital projects, with the corresponding changes to funding sources.		
39.2 Explanation of variances greater than 5%: final budget and actual amounts		
39.2.1 Statement of financial position		
Total assets		
i) Current assets		
Investments was much lower than budgeted due to the reclassification of funds held by fund managers to non-current assets as the funding of the City's long term debt had to be secured.		

39.2.2 Statement of financial performance**Revenue**

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

Expenditure

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

39.2.3 Cash flow statement

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

39.2.4 Capital expenditure

- i) City Health
Variance due to delays in the implementation of projects as a result of local community participation, strikes experienced by service providers, protest actions and tender appeals. Underspent funds rolled over to new financial year.
- ii) City Manager
Variance due to delay in delivery and internal restructuring.
- iii) Compliance and Auxiliary Services
Variance due to delays in delivery, project funding not approved, failure of contractor to complete outstanding work.
- iv) Community services
Variance due to delays in the implementation of projects as a result of local community participation, protest actions and tender appeals.
- v) Economic, Environment and Spatial Planning
Variance due to delays in the implementation of projects, strikes experienced by vendors and consequent non-delivery of materials.
- vi) Finance
Variance due to delays in the implementation of projects as a result of technical issues and the City's participation no longer necessary.
- vii) Social and Early Childhood Development
Variance due to under-performance of vendor and on-delivery of equipment.
- viii) Tourism, Events and Marketing
Variance due to poor performance of contractor and tenderers' non-performance.
- ix) Transport, Roads and Stormwater
Variance due to industrial action, negotiation processes with transport operators, compliance issues with SCM policy, liquidation of service providers and cancellation due to poor performance.
- x) Human Settlements
Variance due to delay in implementation of projects, poor performance and liquidation of contractors and community actions.
- xi) Water and sanitation
Variance due to delay in implementation of projects, delivery of equipment, inclement weather conditions, tender appeals, financial distress of tenderers, environmental issues and lack of access to site.
- xii) Cape Town Electricity
Variance due to delay in implementation of projects, provisions of funding, poor performance of contractor and community protest with the housing allocation lists.

2014	2013
R'000	R'000

40. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES**40.1 Irregular expenditure**

Opening balance	-	122 568
Irregular expenditure – SCM regulation (see incidents below)	-	1 465
Regularised and ratified	-	(124 033)

Closing balance

-	-
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Incidents
<ul style="list-style-type: none"> ▪ Declaration of interest of suppliers in the employ of the state overlooked and one false declaration ▪ Business conducted with one staff members

-	1 450
-	15

Incidents for the year

-	1 465
---	--------------

40.2 Fruitless and wasteful expenditure

Opening balance

Fruitless expenditure current year

Closing balance

2014	2013
R'000	R'000
-	-
294	-
294	-

40.3 Material losses**Water losses**

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

92 576	66 240
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Electricity losses

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

245 987	167 329
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41. COMMITMENTS**41.1 Capital commitments**

Commitments in respect of capital expenditure

Approved and contracted for

Infrastructure

Community

Other

TOTAL

2 195 057	1 090 589
92 517	91 140
753 425	588 384
3 040 999	1 770 113

41.2 OPERATING LEASE COMMITMENTS**41.2.1 The City as lessee**

Future minimum lease payments under non-cancellable operating leases.

Buildings

Payable within one year

Payable within two to five years

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

Vehicles and other equipment

Payable within one year

Payable within two to five years

736	-
222	-
514	-

40 957	48 489
---------------	---------------

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

41.2.2 The City as lessor

Future minimum lease income under non-cancellable operating leases.

Receivable within one year

Receivable within two to five years

Receivable after five years

Buildings

21 422	17 988
65 884	52 827
147 186	142 085
234 492	212 900

The City lets properties under operating leases. Property rental income earned during the year was R21,62 million (2013: R13,55 million). The properties are maintained by the tenants, at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R2,46 million in current year income.

42. ADDITIONAL DISCLOSURES**42.1 MUNICIPAL FINANCE MANAGEMENT ACT****42.1.1 Section 124****Disclosure concerning councillors' municipal accounts in arrears**

As at **30 June 2014** the below councillor was in arrears for rates and services

	Total R'000	Outstanding <90 days R'000	Outstanding >90 days R'000
As at 30 June 2014			
Madikane, B	208	-	208
Balance outstanding	208	-	208

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

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

As at **30 June 2013** the below councillor was in arrears for rates and services

	Total R'000	Outstanding <90 days R'000	Outstanding >90 days R'000
As at 30 June 2013			
Basson, J	10	9	1
Balance was paid in full on 22 July 2013	10	9	1

During **the financial period 2012/13** the following councillors, as listed below, were in arrears for more than 90 days.

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

42.1.2 Section 125**Other compulsory disclosures**

	SALGA contributions R'000	Audit fees R'000	PAYE and UIF R'000	Pension and medical aid R'000
As at 30 June 2014				
Opening balance	-	182	84 887	172 627
Subscriptions/fees	10 400	13 617	1 077 710	2 241 635
Amount paid – current year	(10 400)	(13 511)	(989 747)	(2 050 008)
Amount paid – previous years	-	(182)	(84 887)	(172 627)
Balance unpaid (included in payables)	-	106	87 963	191 627
As at 30 June 2013				
Opening balance	-	263	62 543	155 305
Subscriptions/fees	9 800	15 045	1 017 760	2 001 926
Amount paid – current year	(9 800)	(14 863)	(932 873)	(1 829 308)
Amount paid – previous years	-	(263)	(62 543)	(155 304)
Balance unpaid (included in payables)	-	182	84 887	172 627

2014	2013
R'000	R'000

42.2 SUPPLY CHAIN MANAGEMENT REGULATIONS

42.2.1 Deviations

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

Incidents

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

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

42.2.2 SCM breaches

Ratification of minor breaches	-	-
Regularisation of breaches	-	634
Total amount regularised and ratified	-	634

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

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

Connected person	Position held in State	2014	2013
		R'000	R'000
Adams, C	Clerk	61	-
Adams, J	Professional Officer	4	-
Agulhas, M	Artisan	97	-
Booisen, C	Operational Supervisor: Driver	131	-
Booyesen, P *	Clerk	-	533
Buitendag, G	Principal Professional Officer	394	6 761
Cedras, A	Senior Superintendent	-	549
Chetty, F	Legal Advisor	7	-
Connor, C *	Head: COID	-	123
Daniels, L	Senior Foreman	-	13 887
Davids, M	Operational Supervisor: Driver	53	-
De Vries, S	Superintendent	-	102
Diedericks, R	Technician	228	-
Du Toit, J	SCM Assistant buyer	481	587
Ebrahim, Y	Head: District 5	828	-
Eloker, A	Senior Professional Officer	175	-
Farao, Y	Teacher	3	-
Francis, B	Administrative Officer	8	-
Gaya, M	Operational supervisor/driver	-	9
Gordon, C	Clerk	80	-
Hattingh, PM	SCM Administrative Officer	439	184
Henderson, C	Teacher	32	-
Ishmail, E	Manager : Valuations Data and Systems	747	2 061
Jacobs, E	Senior Clerk	2 951	-
Jacobs, MS	Clerk	5	207
Jaffar, R	Administrative Officer	89	-
Johns, KM	Clerk	-	5
Koning, G	Enrolled Nurse	-	38
Kupiso, NG	Water Pollution Control Inspector	1	94
Lategan, J	Clerk	84	14
Le Fleur, C	Administrative Officer	99	-
Louis, D	Clerk	-	129
Mama, X	Head : Area Manager	-	375
Manyathi, N	Professional Nurse	231	-
Merile, SS	Operator: Small Plant	-	1 574
Mjali, M	Emergency Centre Officer	3	-
Monk, FJ	Sub Council Manager	-	345
Mshweshwe, MC	Statutory Compliance Specialist	140	173
Paulse, O	Co-coordinator: Housing rental stock	254	-
Petersen, T	Dept. of Health: Administrative clerk	24	-
Poole, N	Senior Clerk	195	-
Ritter, T	Senior Clerk	22	-
Sammy, MF	Administrative Officer	20	40
Scholtz, LM	Secretary	74	828
Siyabulela, M	Senior Clerk	197	-
Steed, S	Artisan	7	-
Steyn, D	Head: Supplier Management	363	-
Steyn, T	Senior Professional Officer	1 222	-
Thorpe, M	SCM Assistant buyer	-	128
Trom, F	Worker	-	7
Votersen, MF	Head: Finance Parks	1 100	341
Webster, L	Senior Clerk	160	-
Willemse, S	Administrative Officer	869	-
Wyngaard, R	SCM Administrative Officer - Tenders	243	-
Total		12 121	29 094

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

43. FINANCIAL RISK MANAGEMENT

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

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

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

	Amortised cost	Fair value	Cost	Total carrying amount	Fair value carrying amount
	R'000	R'000	R'000	R'000	R'000
Financial assets					
2014					
Investments	1 701 641	3 976 538	188 768	5 866 947	5 914 033
Long-term receivables	123 962	-	-	123 962	123 962
Receivables	4 309 649	-	-	4 309 649	4 309 649
Other receivables	417 300	-	-	417 300	417 300
Cash and cash equivalents	928 974	1 337 585	-	2 266 559	2 266 559
	7 481 526	5 314 123	188 768	12 984 417	13 031 503
2013					
Investments	140 972	3 424 479	38 768	3 604 219	3 622 679
Long-term receivables	122 211	-	-	122 211	122 211
Receivables	4 172 233	-	-	4 172 233	4 172 233
Other receivables	289 693	-	-	289 693	289 693
Cash and cash equivalents	3 620 430	1 109 766	-	4 730 196	4 723 978
	8 345 539	4 534 245	38 768	12 918 552	12 930 794

	Amortised cost	Total carrying amount	Fair value carrying amount
	R'000	R'000	R'000
Financial liabilities			
2014			
Borrowings	7 034 464	7 034 464	7 612 594
Payables	3 808 137	3 808 137	3 808 137
	10 842 601	10 842 601	11 420 731
2013			
Borrowings	7 354 402	7 354 402	8 175 456
Payables	3 707 711	3 707 711	3 707 711
	11 062 113	11 062 113	11 883 167

43.1 Fair values

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

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
2014				
Investments	3 204 138	772 400	-	3 976 538
Cash and cash equivalents	-	1 337 585	-	1 337 585
	3 204 138	2 109 985	-	5 314 123
2013				
Investments	2 456 013	968 466	-	3 424 479
Cash and cash equivalents	-	1 109 766	-	1 109 766
	2 456 013	2 078 232	-	4 534 245

43.2 Liquidity risk

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

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

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

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

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
2014				
Liabilities				
Borrowings	1 118 542	3 791 365	8 721 422	13 631 329
Capital repayments	368 325	1 062 521	5 603 618	7 034 464
Interest	750 217	2 728 844	3 117 804	6 596 865
Payables	3 808 137	-	-	3 808 137
Payables	3 136 700	-	-	3 136 700
Sundry creditors	671 437	-	-	671 437
	4 926 679	3 791 365	8 721 422	17 439 466

43.3 Credit risk

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

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

	2014	2013
	R'000	R'000
Investments	5 678 179	3 565 451
Long-term receivable – see note 6	123 962	122 211
Receivables and other receivables – see note 8 and 9	4 726 949	4 461 926
Cash and cash equivalents – see note 10	2 266 559	4 730 196
Total	12 795 649	12 879 784

Investments and cash and cash equivalents

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

Long-term receivable

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

Receivables

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

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The City has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the 10 largest debtors represent 1,00% (2013: 1,20%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after due date. The City has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 8 and 9.

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

43.4 Capital management

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

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

43.5 Currency risk

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

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

43.6 Market risk

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

The effective rates on financial instruments as at 30 June 2014 are as follows:

Maturity of interest-bearing assets/liabilities					
Weighted interest rate	1 years or less	1-5 years	>5 years	Total	
%	R'000	R'000	R'000	R'000	
Financial assets					
Investments	6,29	3 959 491	1 498 818	1 557 455	7 015 764
Cash and cash equivalents	5,84	928 974	-	-	928 974
Total financial assets		4 888 465	1 498 818	1 557 455	7 944 738
Financial liabilities					
Borrowings	9,77	368 325	1 062 521	5 603 618	7 034 464
Total financial liabilities		368 325	1 062 521	5 603 618	7 034 464

Interest rate sensitivity analysis**Financial assets**

As at 30 June 2014, if the weighted interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R76,82 million with the opposite effect if the interest rate had been 100 basis points lower.

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

Financial liabilities

As at 30 June 2014, if the interest rate at that date had been 100 basis points higher or lower, with all the other variables held constant, the fair-value liability would have no impact as all borrowings are at a fixed interest rate.

44. PRIOR-YEAR ADJUSTMENTS**44.1 Reclassification**

Reclassification of certain line items where made as indicated below.

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

		As previously reported	Reclassification	Restated
		R'000	R'000	R'000
2013	Note			
Statement of financial position				
Property, plant and equipment	1	28 431 879	(631 109)	27 800 770
Intangible assets	4	125 500	631 109	756 609
Statement of financial performance				
Finance income	23	547 228	84 959	632 187
Other income	24	742 983	98	743 081
Property rates	25	5 161 502	(85 057)	5 076 445
Total revenue		27 363 454	-	27 363 454
Finance costs	32	729 174	(505)	728 669
General expenses	35	3 573 742	505	3 574 247
Total expenditure		23 919 728	-	23 919 728
Surplus for the year		3 443 726	-	3 443 726

44.2 Changes in accounting estimates

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

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

44.3 Changes in accounting policy

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

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

45. RETIREMENT BENEFIT INFORMATION

The City makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R804,83 million (2013: R721,39 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.

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

The DB section is a multi-employer plan, and the contribution rate payable is 27%, i.e. 9% by the members and 18% by their councils. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The valuation indicates a R10 million deficit actuarial result, and is 99,7% funded at the financial year-end. The City of Cape Town is included among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the Fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the Fund are required to fund the shortfall in direct proportion to the level of contributions made. There have significant amendments to the Pension Fund regulations and notably Rule 17(5) in terms of which the Pension Fund is managing its sustainability risk. The same applies to the defined-contribution schemes.

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

The fund is a DB plan and is financially sound. It was 100% funded as at 1 July 2013, and had remained stable since the previous valuation date.

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

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. Notwithstanding the actuary's recommendation to eliminate a slight shortfall, the nature of assets is suitable for the fund. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The valuation disclosed funding of 99.8%.

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

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2013.

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is allocated between costs of risk benefits deriving from administration of the fund and members retirement benefits.

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

National Fund for Municipal Workers (multi-employer fund)

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

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

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2008 when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2011 audited financial statements, once it becomes available.

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

The Cape Municipal Pension Fund operates both as a DB and DC scheme. The fund has been awarded an unqualified audit opinion for the audit of finances for the year ended 30 June 2013. The actuarial valuation of the fund was performed at 30 June 2012, which certified it as being in a financially sound position. The next statutory valuation is due by 30 June 2015.

	Total	DB section	DC section
In-service members	9 632	301	9 331
Pensioners	5 096	3 824	1 272
Membership as at 30 June 2013	14 728	4 125	10 603

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

	2014 %	2013 %
Key financial assumptions		
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	0,50
Post-retirement	1,50	1,50
Normal retirement age	60 years	60 years

45.4 POST-EMPLOYMENT DEFINED BENEFITS**45.4.1 Health-care arrangement assumptions**

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

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

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

It is further assumed that the subsidy will continue until the last survivor's death for eligible members and their spouses.

Continuation of membership

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

Family profile

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

Plan assets

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

Discount rate

The fund benefit liability to the City of Cape Town as at 30 June 2014 has been discounted at a rate determined on the basis of the yield of 9,30% (2013: 9,22%) per annum on government bonds.

45.4.2 Retirement pension benefits

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

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

Plan assets

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

Discount rate

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

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

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

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

Key financial assumptions	2014		2013		
	Health care benefits	Retirement pension benefits	Health-care benefits	Retirement pension benefits	
	%	%	%	%	
Discount rate		9,30	8,60	9,22	9,22
General inflation rate		6,00	6,00	5,82	5,82
General salary inflation rate		-	8,00	-	6,80
Health-care cost inflation rate		7,50	-	7,32	-
Net effective discount rate		1,67	-	1,77	-

46. CONTINGENT LIABILITIES**46.1 Contingent liabilities****Contractual disputes**

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, and a provisional estimate based on management assessment is R259,81 million (2013: R80,93 million).

Outstanding insurance claims

The estimated liability for insurance claims amounts to R98,77 million (2013: R123,84 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser or greater amount.

47. RELATED PARTY DISCLOSURES**47.1 Municipal entities and special areas**

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

2014	2013
R'000	R'000

CTICC (Pty) Ltd (Convenco)

The Convention Centre was established for Cape Town to become host to international conferences, with the objectives of promoting Cape Town as a tourism city. At year end, the amount owing by Convenco to the City of Cape Town amounted to R1,29 million (2013: R1,30 million).

Percentage owned	62,80%	50,18%
Arm's-length transactions for the year:		
Receivables	1 294	1 300
Payables	-	1 068
Service charges	18 118	14 912

CIDs

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

Percentage owned	Special rating area's	
Arm's-length transactions for the year:		
Service charges	14	26
Levies	114 884	103 663

World Design Capital 2014 (WDC)

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

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

Percentage owned	Non-profit organisation	
Non-arm's length transactions for the year:		
Section 67 contribution	23 000	8 500

2014	2013
R'000	R'000

CMTF (administrator of the fund)

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year end, the amount owing by the City to CMTF amounted to R27,38 million (2013: R44,55 million).

Percentage owned

Arm's-length transactions for the year:

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

Administrator

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

Executive management

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

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

47.2 Remuneration of management**47.2.1 Mayoral committee members****Analysis of remuneration benefits**

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

Analysis of remuneration benefits

2013

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

47.2.2 Councillors/Mayoral committee members

Analysis of remuneration benefits

2014

	Total	Annual salary	Car Allowance	Social Contribution
	R'000	R'000	R'000	R'000
Mayoral committee members	10 590	10 002	100	488
Councillors	103 005	98 891	20	4 094
	113 595	108 893	120	4 582

2013

Mayoral committee members	10 142	9 635	40	467
Councillors	97 397	93 252	124	4 021
	107 539	102 887	164	4 488

Councillors are remunerated according to the Remuneration of Public Office Bearers Act (Act 20 of 1998) and are not disclosed individually but in aggregate and only have collective executive powers for planning, directing and controlling the activities of the City. There are 221 council members whose aggregated remuneration amounted to R113,60 million for the period under review. The average remuneration per councillor is R0,514 million per annum. The mayoral committee members have such executive powers individually by virtue of their delegation and therefore are disclosed as such – refer to note 47.2.1. A full list of the councillors is disclosed on page 5 as part of the general information.

47.2.3 Executive management

Analysis of remuneration benefits

	Total	Annual salary	Car allowance	Social contribution	Travel and Subsistence	Relocation Allowance
	R'000	R'000	R'000	R'000	R'000	R'000
2014						
City Manager Ebrahim, A	2 191	1 871	-	294	26	-
Deputy City Manager Marsden, M	870	768	-	102	-	-
Community Services Mtwazi, L	1 662	1 372	-	84	206	-
Corporate Services Mayimele-Hashatse, F (appointed 08/07/2013)	1 649	1 568	-	2	-	79
Economic, Environment and Spatial Planning Hugo, J	1 675	1 631	-	44	-	-
Finance Jacoby, K	1 677	1 387	81	207	2	-
Health Dr Mahlangu-Mathibela, W	1 651	1 426	75	150	-	-
Integrated Human Settlement Services Maqetuka, S	1 670	1 475	-	195	-	-
Compliance and Auxiliary Services Ras, D	1 687	1 685	-	2	-	-
Safety and Security Bosman, R	1 671	1 381	95	195	-	-
Social and Early Childhood Development Dr Bromfield, IK	1 651	1 283	133	235	-	-
Tourism, Events and Marketing Groenewald, A	1 681	1 668	-	2	11	-
Transport, Roads and Stormwater Commissioner Whitehead, M	1 684	1 668	-	2	14	-
Utility Services Kaiser, G	1 669	1 563	72	34	-	-
	23 088	20 746	456	1 548	259	79

Analysis of remuneration benefits

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

48. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.

Appendix A: Schedule of external borrowings as at 30 June 2014

	Contractual interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2013 R'000	Net interest accrual during the year R'000	Concessionary loan adjustment R'000	Redeemed/ Written off during year R'000	Balance as at 30 June 2014 R'000
LOCAL REGISTERED STOCK								
ABSA Nominees (Pty) Ltd	14,650	830011508	2014	7 047	(247)	-	6 800	-
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	2 065 505
Total local registered stock				4 282 536	(247)	-	6 800	4 275 489
CONCESSIONARY LOANS								
Nedcor Bank	1,000	830000920	2019	19	-	3	-	22
DBSA	5,000	830012028	2020	24 332	-	868	4 000	21 200
Agence Française de Développement (AFD)	5,763	830018500	2028	515 381	(1 528)	10 350	40 000	484 203
Agence Française de Développement (AFD)	5,730	830018516	2028	514 170	(1 331)	10 454	40 000	483 293
Agence Française de Développement (AFD)	5,755	830018530	2028	514 928	(1 053)	10 267	40 000	484 142
Agence Française de Développement (AFD)	5,800	830018523	2028	502 493	(848)	9 968	38 961	472 652
Total concessionary loans				2 071 323	(4 760)	41 910	162 961	1 945 512
OTHER LOANS								
DBSA	12,250	83001051	2015	68 889	(3 945)	-	38 967	25 977
FirstRand Bank	12,631	830003504	2017	168 187	-	-	9 464	158 723
ABSA Bank	10,900	830007011	2018	100 000	-	-	20 000	80 000
DBSA	10,590	83001050	2018	196 335	(9 796)	-	50 874	135 665
FirstRand Bank	12,046	830009531	2018	148 465	1 967	-	20 000	130 432
DBSA	9,420	830012035	2020	65 333	-	-	9 333	56 000
DBSA	9,639	830013000	2022	126 667	-	-	13 334	113 333
DBSA	10,565	830013507	2022	126 667	-	-	13 334	113 333
Total other loans				1 000 543	(11 774)	-	175 306	813 463
TOTAL EXTERNAL LOANS				7 354 402	(16 781)	41 910	345 067	7 034 464

Appendix B: Analysis of property, plant and equipment and other as at 30 June 2014

	COST					ACCUMULATED DEPRECIATION						Carrying value R'000	
	Opening balance ¹	Transfers/adjustments	Additions ²	Impairments	Disposals	Closing balance	Opening balance ¹	Transfers/adjustments ³	Impairments	Additions	Disposals		Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000
LAND AND BUILDINGS													
Land	973 575	51 848	61 416	(32 624)	(1 903)	1 052 312	(326 513)	32 626	(32 624)	-	1 023	(325 488)	726 824
Buildings and land	1 533 754	80 507	159 084	-	(20)	1 773 325	(471 018)	(149)	-	(31 392)	9	(502 550)	1 270 775
	2 507 329	132 355	220 500	(32 624)	(1 923)	2 825 637	(797 531)	32 477	(32 624)	(31 392)	1 032	(828 038)	1 997 599
INFRASTRUCTURE													
Assets under construction	1 884 912	(1 628 195)	1 179 659	-	-	1 436 376	-	-	-	-	-	-	1 436 376
Telecommunications	-	50	39 073	-	-	39 123	-	-	-	(241)	-	(241)	38 882
Drains	795 721	34 464	22 159	-	-	852 344	(279 418)	-	-	(27 213)	-	(306 631)	545 713
Roads	7 207 691	761 327	633 982	-	-	8 603 000	(2 083 445)	542	-	(252 768)	-	(2 335 671)	6 267 329
Beach improvements	40 869	(1)	311	-	-	41 179	(21 099)	-	-	(882)	-	(21 981)	19 198
Sewerage mains and purification	2 719 137	272 470	109 743	-	-	3 101 350	(861 335)	-	-	(143 673)	-	(1 005 008)	2 096 342
Electricity peak load equipment and mains	6 351 160	91 289	671 768	-	-	7 114 217	(2 260 190)	145	-	(134 167)	-	(2 394 212)	4 720 005
Water mains and purification	2 631 637	52 894	166 783	-	-	2 851 314	(1 196 845)	-	-	(103 523)	-	(1 300 368)	1 550 946
Reservoirs - water	452 910	17 064	19 511	-	-	489 485	(315 322)	1	-	(19 005)	-	(334 326)	155 159
	22 084 037	(398 638)	2 842 989	-	-	24 528 388	(7 017 654)	688	-	(681 472)	-	(7 698 438)	16 829 950
COMMUNITY ASSETS													
Assets under construction	117 109	(84 550)	64 854	-	-	97 413	-	-	-	-	-	-	97 413
Parks and gardens	208 435	16 224	14 828	-	-	239 487	(21 256)	-	-	(7 652)	-	(28 908)	210 579
Libraries	206 417	269	20	-	-	206 706	(64 304)	-	-	(3 373)	-	(67 677)	139 029
Recreation facilities	5 371 094	46 747	37 584	-	-	5 455 425	(976 645)	6	-	(210 037)	-	(1 186 676)	4 268 749
Civic buildings	1 930 879	245 742	179 658	-	-	2 356 279	(727 766)	130	-	(65 161)	-	(792 797)	1 563 482
	7 833 934	224 432	296 944	-	-	8 355 310	(1 789 971)	136	-	(286 223)	-	(2 076 058)	6 279 252
OTHER ASSETS													
Assets under construction	766 292	(866 447)	400 227	-	-	300 072	-	-	-	-	-	-	300 072
Buildings and land	18	415 298	(21)	-	-	415 295	(17)	-	-	(297)	-	(314)	414 981
Landfill sites	770 018	2 469	30 458	-	-	802 945	(364 312)	(35 666)	-	(45 330)	-	(445 308)	357 637
Furniture, fittings and equipment	740 409	5 851	76 545	-	(7 545)	815 260	(361 622)	4	-	(91 915)	6 870	(446 663)	368 597
Bins and containers	45 448	2 921	6 299	-	(57)	54 611	(36 738)	-	-	(3 540)	58	(40 220)	14 391
Emergency equipment	38 195	(1)	1 174	-	(75)	39 293	(32 325)	-	-	(2 751)	75	(35 001)	4 292
Motor vehicles and watercraft	2 091 471	(687 560)	123 047	-	(26 032)	1 500 926	(938 866)	52 995	(76)	(139 892)	24 044	(1 001 795)	499 131
Specialised vehicles	1 040 791	2 915	125 035	-	(34 792)	1 133 949	(432 175)	28	-	(79 035)	34 123	(477 059)	656 890
Computer equipment	1 549 084	6 157	138 326	-	(18 202)	1 675 365	(913 026)	(36)	-	(215 750)	17 620	(1 111 192)	564 173
Animals	461	-	125	-	-	586	(147)	-	-	(73)	-	(220)	366
	7 042 187	(1 118 397)	901 215	-	(86 703)	6 738 302	(3 079 228)	17 325	(76)	(578 583)	82 790	(3 557 772)	3 180 530
SERVICE CONCESSION ASSETS													
Busses and depots	-	931 642	73 670	-	-	1 005 312	-	(53 544)	-	(73 356)	-	(126 900)	878 412
	-	931 642	73 670	-	-	1 005 312	-	(53 544)	-	(73 356)	-	(126 900)	878 412
HOUSING RENTAL STOCK													
	1 699 759	227 458	177 573	-	(1 465)	2 103 325	(682 092)	(2)	-	(48 938)	822	(730 210)	1 373 115
TOTAL PPE (See note 1)	41 167 246	(1 148)	4 512 891	(32 624)	(90 091)	45 556 274	(13 366 476)	(2 920)	(32 700)	(1 699 964)	84 644	(15 017 416)	30 538 858
HERITAGE ASSETS (See note 2)													
Assets under construction	330	(330)	-	-	-	-	-	-	-	-	-	-	-
Painting and art galleries	9 081	-	37	-	(7)	9 111	-	-	-	-	-	-	9 111
	9 411	(330)	37	-	(7)	9 111	-	-	-	-	-	-	9 111
INVESTMENT PROPERTIES (See note 3)	240 842	672	-	-	-	241 514	(48 897)	(127)	-	(1 641)	-	(50 665)	190 849
INTANGIBLE ASSETS (See note 4)	1 081 501	806	22 752	-	-	1 105 059	(324 892)	5	-	(50 665)	-	(375 552)	729 507
TOTAL OTHER	1 331 754	1 148	22 789	-	(7)	1 355 684	(373 789)	(122)	-	(52 306)	-	(426 217)	929 467
GRAND TOTAL	42 499 000	-	4 535 680	(32 624)	(90 098)	46 911 958	(13 740 265)	(3 042)	(32 700)	(1 752 270)	84 644	(15 443 633)	31 468 325

1. Comparative restated: see note 44 for more detail.

2. Includes the contributed assets amount of R33,39 million.

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

Appendix C: Segmental statement of financial performance for the year ended 30 June 2014

2013			Business Unit	2014		
Actual income	Actual expenditure	Surplus/(Deficit)		Actual income	Actual expenditure	Surplus/(Deficit)
R'000	R'000	R'000		R'000	R'000	R'000
Restated¹	Restated¹					
15 902 590	12 923 414	2 979 176	Rates and General	16 041 640	15 596 255	445 385
391 134	898 940	(507 806)	City Health	432 299	936 192	(503 893)
2	2 414	(2 412)	City Manager	128	12 725	(12 597)
183 401	1 896 341	(1 712 940)	Community Services	162 449	1 904 820	(1 742 371)
62 301	457 393	(395 092)	Compliance and Auxiliary	24 609	127 107	(102 498)
26 527	121 536	(95 009)	Corporate Services	66 736	284 757	(218 021)
104 348	639 277	(534 929)	Economic, Environmental and Spatial Planning	108 334	647 163	(538 829)
2 248 839	1 150 049	1 098 790	Finance	1 959 700	1 339 262	620 438
8 922 491	2 107 753	6 814 738	Rates and Other	9 745 393	3 240 969	6 504 424
193 313	1 915 750	(1 722 437)	Safety and Security Services	839 661	2 439 023	(1 599 362)
1 027	122 357	(121 330)	Social and Early Childhood Development	128	158 366	(158 238)
26 817	518 941	(492 124)	Tourism, Events and Marketing	64 931	626 671	(561 740)
2 557 646	2 011 744	545 902	Transport, Roads and Stormwater	1 415 099	2 590 514	(1 175 415)
1 184 744	1 080 919	103 825	Human settlements	1 222 173	1 288 686	(66 513)
17 239 026	16 774 476	464 550	Utility Services	18 197 523	16 958 432	1 239 091
2 155 923	2 143 298	12 625	Solid waste management	2 371 628	2 102 022	269 606
2 082 168	2 122 217	(40 049)	Sanitation	2 234 857	2 249 155	(14 298)
3 274 675	3 226 858	47 817	Water	3 350 919	3 208 213	142 706
9 726 260	9 282 103	444 157	Cape Town Electricity	10 240 119	9 399 042	841 077
33 141 616	29 697 890	3 443 726	Subtotal	34 239 163	32 554 687	1 684 476
5 778 162	5 778 162	-	Interdepartmental charges	6 048 239	6 048 239	-
27 363 454	23 919 728	3 443 726	Total	28 190 924	26 506 448	1 684 476

1. Comparative restated: see note 44 for more details.

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

National and Provincial grant funds 2013/2014									
Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
National Government									
2014 African Nations Championship	Sport and Recreation	-	(63 000)	5 146	45 060	3 942	-	-	(8 852)
Accreditation: Development Support	State Housing	(1 015)	-	-	57	14	-	-	(944)
Budget Reform Funds	National Treasury	(148)	(1 250)	-	219	841	-	-	(338)
Department of Environmental Affairs and Tourism	Environmental Affairs	(24)	(245)	-	224	-	-	-	(45)
DME - INEP	Energy	-	(24 500)	-	-	7 276	-	-	(17 224)
Energy Efficiency Electricity Demand Side Management	National Treasury	(24)	(16 000)	24	1 728	7 683	-	-	(6 589)
Expanded Public Works Incentive Grant	National Treasury	(9 330)	(32 080)	-	38 192	412	-	-	(2 806)
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Infrastructure Skills Development	National Treasury	-	(1 000)	-	-	99	-	-	(901)
Integrated City Development Grant	National Treasury	-	(10 364)	-	864	-	-	-	(9 500)
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	-	-	-	-	-	-	(17)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(522)	-	-	-	-	-	-	(522)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	-	(5 761)	-	-	3 589	-	-	(2 172)
Natural Resource Management	Environmental Affairs	(2 619)	-	-	2 474	-	-	-	(145)
Neighborhood Development Programme	National Treasury	(16 435)	(26 000)	-	-	24 551	-	-	(17 884)
Public Transport Infrastructure Systems Grant	Transport	(184 637)	-	-	-	131 296	-	-	(53 341)
Public Transport Infrastructure Grant	Transport	-	(946 241)	-	-	654 511	-	-	(291 730)
Public Transport Network Operations Grant	Transport	-	(352 521)	-	217 101	1	-	-	(135 419)
Restructuring Grant - Seed Funding	National Treasury	(4 831)	-	-	-	-	-	-	(4 831)
Urban Renewal	National Treasury	(27 856)	-	-	376	15 373	-	-	(12 107)
Urban Settlement Development Grant	National Treasury	(66 276)	(1 193 497)	-	57 826	915 400	-	-	(286 547)
Water Demand Side	Water	(697)	-	-	-	-	-	-	(697)
Total Dora allocation		(314 442)	(2 672 459)	5 170	364 121	1 764 988	-	-	(852 622)
2010 FIFA World Cup: Green Point: Interest account		(4 421)	-	-	-	3 891	-	-	(530)
LGSETA: Post Graduate Internship Programme: Interest account		(6)	-	-	-	-	(29)	-	(35)
Natural Resource Management: Interest account		(88)	-	-	-	-	(88)	-	(176)
Neighborhood Development Programme: Interest account		(6 722)	-	-	-	-	(2 080)	-	(8 802)
Public Transport Infrastructure Systems Grant: Interest account		(201 339)	-	-	56 119	-	(19 485)	-	(164 705)
Public Transport Infrastructure Grant: Interest account		-	-	-	-	-	(13 677)	-	(13 677)
Public Transport Network Operations Grant: Interest account		-	-	-	-	-	(5 516)	-	(5 516)
Smart Living Handbook: Interest account		(73)	-	-	-	-	(4)	-	(77)
Total Interest earned		(212 649)	-	-	56 119	3 891	(40 879)	-	(193 518)
Total national government transfers and grants		(527 091)	(2 672 459)	5 170	420 240	1 768 879	(40 879)	-	(1 046 140)

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

Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
					R'000	R'000			
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(27 511)	(10 000)	-	3 690	-	(1 560)	-	(35 381)
Athlone Stadium General Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	-	(1 742)
Atlantis - Wesfleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	(323)
Atlantis Thusong Multi Purpose Centre	Cultural Affairs and Sport	(187)	-	-	-	-	(10)	-	(197)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Bokmakierie / Hazendal Infill 3	Human Settlements	(1 137)	-	-	90	571	-	-	(476)
Broadband	Human Settlements	-	-	(5 081)	-	4 860	-	-	(221)
Browns Farm Phase 3,4,5,6	Human Settlements	(11 564)	-	-	27	-	-	-	(11 537)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 366)	-	899	-	-	(286)	-	(4 753)
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(27)	-	-	-	-	(1)	-	(28)
Chris Hanani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Community Residential Units	Human Settlements	(35 284)	-	(269 169)	-	218 570	-	(28 880)	(114 763)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sportfield Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(3 369)	-	-	80	-	-	-	(3 289)
Dial-a-Ride	Transport and Public Works	(1 857)	-	22	1 895	-	(60)	-	-
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	(11 676)	19 231	-	-	(7 555)	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	(299)
E Business Project	Treasury	(1 901)	-	-	-	-	(103)	-	(2 004)
Echo Road Housing Project	Human Settlements	(4)	-	-	-	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 649)	-	-	33	-	(142)	-	(2 758)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(350)	-	(311)	3 204	-	-	(2 691)	(1 48)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	-	-	-	-	-	(44)
Enkanini Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)
Establishment Grants	Human Settlements	(2 439)	-	(1 292)	1 846	-	(125)	(10)	(2 020)
Facilitation Grants	Human Settlements	(537)	-	(317)	276	-	(31)	(7)	(616)
False Bay Ecology	Economic Development and Tourism	(1 063)	-	-	-	243	(56)	-	(876)
Fire Detection Surveillance Cameras	Human Settlements	(71)	-	-	-	-	(4)	-	(75)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Global Fund	Health	(2 661)	-	-	-	-	(144)	-	(2 805)
Global Fund Anti Retroviral	Health	-	(33 201)	4 304	32 233	-	-	(3 336)	-

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

Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
					R'000	R'000			
Global Fund Community Base Response Project	Health	-	(2 938)	818	3 063	-	-	(943)	-
Government Grant Community Development Workers	Human Settlements	-	(984)	-	367	-	(24)	-	(641)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(46)	-	-	-	-	(3)	-	(49)
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	(85)	-	-	-	-	-	-	(85)
Happy Valley - Phase 2 Top Structures	Human Settlements	-	-	(22 603)	32 182	-	-	(9 579)	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(186)	-	-	20	-	(9)	-	(175)
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-
HIV/AIDS Community Based Response Projects	Health	-	(97 542)	13 384	88 613	-	-	(4 455)	-
Hostels Phase 2 Housing	Human Settlements	(996)	-	-	-	-	-	-	(996)
Housing Settlements Development Grant	Human Settlements	-	(623 269)	632 556	1 521	-	-	(10 808)	-
Imizamo Yethu IDA	Human Settlements	-	-	-	336	-	-	(336)	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(1 420)	(1 000)	56	712	-	-	-	(1 652)
Integrated Community Access Network		-	(2 350)	-	-	-	(28)	-	(2 378)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	(8 826)	10 160	-	-	(1 334)	-
Kewtown Infill Development	Human Settlements	(190)	-	-	-	-	-	-	(190)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(19)	-	-	-	-	(1)	-	(20)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(874)	-	-	-	-	(48)	-	(922)
Khayelitsha Site C Subsidies	Human Settlements	(4 015)	-	-	363	-	(208)	-	(3 860)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(4)	-	-	-	-	-	-	(4)
Kleinvlei Phase 2	Human Settlements	-	-	(2 112)	2 215	-	-	(103)	-
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(105)	-	-	-	-	-	-	(105)
Law Enforcement Officers	Cultural Affairs and Sport	(463)	(27 428)	-	27 228	200	-	-	(463)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Macassar Treatment Works	Human Settlements	(8 000)	-	-	-	2 500	-	-	(5 500)
Mandela Park Sports Fields: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Sport Complex Upgrade	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(9)	-	-	-	-	-	-	(9)

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

Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
					R'000	R'000			
Masiphumelele Tra	Human Settlements	(894)	-	-	-	-	(49)	-	(943)
Masiphumelele Amakhaya Ngoku	Human Settlements	(13 697)	-	-	-	-	(746)	-	(14 443)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Land Transport Fund		-	(22 600)	(22)	10 888	139	(362)	-	(11 957)
Metropolitan Transport Fund	Transport and Public Works	-	-	(24 317)	3 264	21 053	-	-	-
Mfuleni and Strand 12 Houses	Human Settlements	(126)	-	-	-	-	-	-	(126)
Mfuleni EPH Tra	Human Settlements	(218)	-	-	-	-	-	-	(218)
Mfuleni Ext 3	Human Settlements	(129)	-	-	-	-	-	-	(129)
Mfuleni Ext 4 Housing	Human Settlements	(332)	-	-	-	-	-	-	(332)
Mfuleni Flood Relief Project	Human Settlements	(3 005)	-	-	-	-	-	-	(3 005)
Mfuleni MLS Topstructure	Human Settlements	(213)	-	-	-	-	-	-	(213)
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	-	-	-	-	(4 143)
Mitchell's Plain Youth and Family Development Centre	Social Development	(727)	-	-	-	-	(40)	-	(767)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(1 044)	-	-	-	-	(57)	-	(1 101)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(164)	-	-	-	-	-	-	(164)
Nutrition Supplement Programme	Health	-	(4 400)	468	4 385	-	-	(453)	-
Pelican Park 2083 Top Structures	Human Settlements	-	-	(54 558)	67 253	-	-	(12 695)	-
Philippi East Top Structures	Human Settlements	-	-	28	29	-	-	(57)	-
Philippi East Market	Agriculture	(101)	-	-	-	105	(4)	-	-
Philippi East Phase 5	Human Settlements	(771)	-	-	133	-	-	-	(638)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix Top Structures	Human Settlements	(52)	-	52	-	-	-	-	-
Phoenix UISP	Human Settlements	(122)	-	(45)	-	-	-	-	(167)
Peoples Housing Project	Human Settlements	(61 977)	-	(157 662)	143 242	-	(4 817)	(5 637)	(86 851)
Phumlani Transfers	Human Settlements	(22)	-	-	-	-	-	-	(22)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(187)	-	-	-	-	(10)	-	(197)
Public Library Fund	Cultural Affairs and Sport	(2 091)	(24 409)	-	22 008	2 263	(295)	-	(2 524)
Redhill Informal Settlement	Human Settlements	(270)	-	-	-	-	(15)	-	(285)
River Clean and Green Project	Environmental Affairs and Development Planning	(399)	-	-	-	-	(22)	-	(421)
Rondevlei Housing Project	Human Settlements	(127)	-	-	4	-	-	-	(123)
Scottsdene 350 Top Structures	Human Settlements	-	-	(16 762)	-	16 082	-	-	(680)
Scottsdene 550 Top Structures	Human Settlements	(9 842)	-	(1 880)	14 633	-	-	(2 911)	-

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

Description	Source	Balance unspent at beginning of the year ¹ R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Social Economic Facilities Programme	Human Settlements	(1 946)	-	(6 378)	-	15 102	-	(9 125)	(2 347)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	-	-	-	-	-	(1 142)
Sir Lowry's Pass Village Tra	Human Settlements	-	-	-	1 903	-	-	(1 903)	-
Site C Survey and Subdivision	Human Settlements	-	-	135	-	-	-	(135)	-
Somerset West Housing Project	Human Settlements	(4 164)	-	-	-	-	-	-	(4 164)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Table Mountain Biosphere	Environmental Affairs and Development Planning	(7)	-	-	-	-	-	-	(7)
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(6 085)	(14 025)	-	11 807	-	-	-	(8 303)
Temperance Town	Human Settlements	(83)	-	-	84	-	-	(1)	-
Upgrade Bishop Lavis Sports Complex	Cultural Affairs and Sport	(874)	-	-	-	874	-	-	-
Upgrade Heinz Park Haal	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement Stn	Environmental Affairs and Development Planning	(25)	-	-	-	-	-	-	(25)
Vaccines	Health	-	(73 439)	11 111	66 724	-	-	(4 396)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(1 557)	-	-	-	1 318	(47)	-	(286)
Vrygrond	Human Settlements	(34)	-	-	1	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(226)	-	-	14	-	(12)	-	(224)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(14 306)	-	355	704	-	-	(14)	(13 261)
Watergate Phase A	Cultural Affairs and Sport	(170)	-	-	-	-	(9)	-	(179)
Witsand Housing Project Phase 1,2	Human Settlements	(184)	-	-	-	-	-	-	(184)
Total Provincial Government transfers and grants		(269 948)	(937 585)	81 796	576 461	283 880	(9 328)	(107 983)	(382 707)
Analysis of grants and subsidies									
Total National Government transfers and grants		(527 091)	(2 672 459)	5 170	420 240	1 768 879	(40 879)	-	(1 046 140)
Total Provincial Government transfers and grants		(269 948)	(937 585)	81 796	576 461	283 880	(9 328)	(107 983)	(382 707)
		(797 039)	(3 610 044)	86 966	996 701	2 052 759	(50 207)	(107 983)	(1 428 847)
1. The balance unspent at beginning and end of the year excludes VAT.									

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

	2013/2014										2012/2013				
	Original budget ¹	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) ²	Final budget ¹	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of Final budget	Actual outcome as % of Original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Financial Performance															
Property rates	5 527 108	-	5 527 108	-	(99 720)	5 427 388	5 546 774	-	-	102%	100%	-	-	-	-
Service charges	14 442 391	(187 844)	14 254 547	-	-	14 254 547	13 903 680	-	-	98%	96%	-	-	-	-
Investment revenue	284 618	(2 540)	282 078	-	-	282 078	461 053	-	-	163%	162%	-	-	-	-
Transfers recognised - operational	2 595 904	13 243	2 609 147	-	-	2 609 147	2 389 432	-	-	92%	92%	-	-	-	-
Other own revenue	3 045 068	12 365	3 057 433	-	99 720	3 157 153	3 751 219	-	-	119%	123%	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	25 895 089	(164 776)	25 730 313	-	-	25 730 313	26 052 158	-	-	101%	101%	-	-	-	-
Employee costs	8 253 458	(33 584)	8 219 874	-	1 239 310	9 459 184	8 640 854	-	-	91%	105%	-	-	-	-
Remuneration of councillors	123 721	-	123 721	-	-	123 721	119 708	-	-	97%	97%	-	-	-	-
Debt impairment	866 192	15 000	881 192	-	-	881 192	1 328 226	-	-	151%	153%	-	-	-	-
Depreciation & asset impairment	1 934 741	22 983	1 957 724	-	-	1 957 724	1 752 270	-	-	90%	91%	-	-	-	-
Finance charges	863 894	(0,27)	863 894	-	60	863 954	807 283	-	-	93%	93%	-	-	-	-
Materials and bulk purchases	7 257 562	(316 703)	6 940 859	-	(1 742)	6 939 117	6 591 232	-	-	95%	91%	-	-	-	-
Transfers and grants	39 544	78 271	117 815	-	4 679	122 494	115 021	-	-	94%	291%	-	-	-	-
Other expenditure	6 804 970	62 875	6 867 845	-	10 693	6 878 538	7 151 854	-	-	104%	105%	-	-	-	-
Total Expenditure	26 144 082	(171 158)	25 972 924	-	1 253 000	27 225 924	26 506 448	-	-	97%	101%	-	-	-	-
Surplus/(Deficit)	(248 993)	6 382	(242 611)	-	-	(242 611)	(454 290)	-	-	187%	182%	-	-	-	-
Transfers recognised - capital	2 535 058	338 613	2 873 671	-	-	2 873 671	2 052 758	-	-	71%	81%	-	-	-	-
Contributions recognised - capital and contributed assets	48 250	27 051	75 301	-	-	75 301	86 008	-	-	114%	178%	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions	2 334 315	372 046	2 706 361	-	-	2 706 361	1 684 476	-	-	62%	72%	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 334 315	372 046	2 706 361	-	-	2 706 361	1 684 476	-	-	62%	72%	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	2 537 158	328 613	2 865 771	-	-	2 865 771	2 053 319	-	-	72%	81%	-	-	-	-
Public contributions & donations	46 150	5 874	52 024	-	-	52 024	44 022	-	-	85%	95%	-	-	-	-
Borrowing	2 149 497	(113 064)	2 036 433	-	-	2 036 433	1 856 889	-	-	91%	86%	-	-	-	-
Internally generated funds	717 788	(60 375)	657 413	-	-	657 413	548 063	-	-	83%	76%	-	-	-	-
Total sources of capital funds	5 450 593	161 048	5 611 641	-	-	5 611 641	4 502 293	-	-	80%	83%	-	-	-	-
Cash flows															
Net cash from (used) operating	4 447 103	192 080	4 639 183	-	-	4 639 183	4 515 574	-	-	97%	102%	-	-	-	-
Net cash from (used) investing	(5 109 063)	(427 673)	(5 536 736)	-	-	(5 536 736)	(6 696 144)	-	-	121%	131%	-	-	-	-
Net cash from (used) financing	(598 143)	-	(598 143)	-	-	(598 143)	(283 067)	-	-	47%	47%	-	-	-	-
Cash/cash equivalents at the year end	(1 260 103)	(235 593)	(1 495 696)	-	-	(1 495 696)	(2 463 637)	-	-	165%	0%	-	-	-	-

- The classification of categories for revenue and expenditure differs from the statement of financial performance and the statement of comparison of budget and actuals as the classifications required by NT is different from accounting practice.
- An amount of R1,253 billion budget was approved by Council relating to the increase in the provision liability raised against the prior year accumulated surplus.

AFD	Agence Francaise de Développement
ASB	Accounting Standards Board
CIDs	city improvement district
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre (Pty) Ltd
DB	defined benefit
DBSA	Development Bank of Southern Africa
DC	defined-contributions
DoRA	Division of Revenue Act
EFF	external finance fund
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
ICSID	International Council of Societies of Industrial Design
IDP	Integrated Development Plan
IRM	Integrated Risk Management
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	municipal infrastructure grant
NT	National Treasury
PAYE	pay-as-you-earn
PGWC	Provincial Government of the Western Cape
PPE	property, plant and equipment
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	supply chain management
SCMB	Standard Corporate and Merchant Bank
UIF	Unemployment Insurance Fund
VAT	value-added tax
WDC	World Design Capital



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