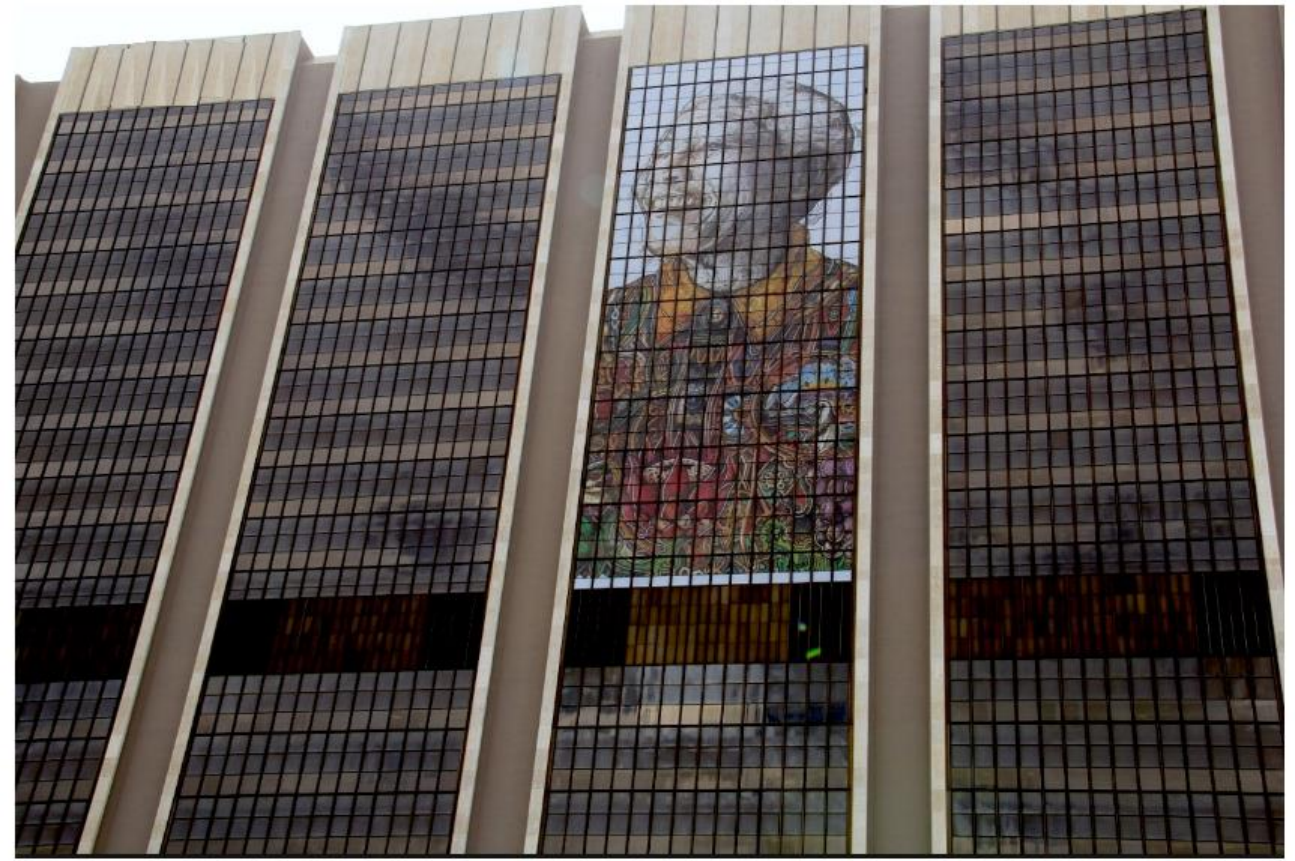


City of Cape Town



UNAUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

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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 the annual financial statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2015, as set out on pages 6 to 69 in terms of section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 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*

31 August 2015



Executive Mayor
Alderman De Lille, P

Speaker
Alderman Smit, JD
Chief Whip
Alderman Serritslev, AM



Executive Deputy Mayor
Alderman Neilson, ID

Members of the Mayoral Committee

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

Previously known as:

*Tourism, Events and Marketing

** Economic, Environment and Spatial Planning

Members of the Audit Committee

- Harris, G Chairperson (appointed 25/03/2015)
- Fisher, S Member
- Gunther, J Member
- Roos, M Member
- Naidu, S Member
- Manjra, Z Member (contract ended 31/03/2015)

Auditors

The Auditor-General
No. 17 Park Lane Building
Park Lane
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
Ebrahim, A



Chief Financial Officer
Jacoby, K

Council members of the City of Cape Town Councillor/Alderman

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

	Note	2015 R'000	2014 R'000 Restated ¹
ASSETS			
Non-current assets			
		38 578 872	34 817 678
Property, plant and equipment	1	33 443 104	30 538 858
Heritage assets	2	9 062	9 111
Investment property	3	589 382	190 849
Intangible assets	4	708 383	729 507
Investments	5	3 753 617	3 245 041
Long-term receivables	6	75 324	104 312
Current assets			
		10 571 363	9 901 582
Inventory	7	280 316	269 283
Receivables	8	4 618 497	4 309 649
Receivables from exchange transactions		3 032 457	3 064 236
Receivables from non-exchange transactions		1 586 040	1 245 413
Other receivables	9	707 217	414 535
Other receivables from exchange transactions		213 481	115 956
Other receivables from non-exchange transactions		493 736	298 579
Investments	5	1 746 347	2 621 906
Current portion of long-term receivables	6	19 838	19 650
Cash and cash equivalents	10	3 199 148	2 266 559
TOTAL ASSETS		49 150 235	44 719 260
LIABILITIES			
Non-current liabilities			
		12 040 207	12 450 101
Borrowings	11	6 415 499	6 666 139
Provisions	12	5 624 708	5 783 962
Current liabilities			
		8 658 025	8 155 256
Deposits	13	272 258	370 217
Provisions	14	1 127 282	1 078 550
Payables from exchange transactions	15	5 297 880	4 763 375
Unspent conditional grants and receipts	16	1 529 116	1 495 768
Value-added tax	17	85 807	79 021
Current portion of borrowings	11	345 682	368 325
Total liabilities		20 698 232	20 605 357
NET ASSETS			
Total net assets			
		28 452 003	24 113 903
Housing development fund	18	396 385	468 419
Reserves	19	2 393 879	1 751 497
Accumulated surplus	20	25 661 739	21 893 987
TOTAL NET ASSETS AND LIABILITIES		49 150 235	44 719 260

¹ Comparative restated: see note 44 for more details.

Statement of financial performance for the year ended 30 June 2015

Budget			Actuals		
2015 R'000	2014 R'000		2015 R'000	2014 R'000	Note
				Restated ¹	
16 464 350	15 410 917	REVENUE	16 785 807	15 300 845	
15 184 641	14 254 547	Exchange revenue	15 197 370	13 903 680	21
358 438	336 823	Service charges	369 121	317 890	22
404 494	403 695	Rental of letting stock and facilities	672 838	581 877	23
40 988	39 280	Finance income	43 110	44 386	
153 993	134 992	Licences and permits	168 519	150 256	
201 296	172 580	Agency services	247 040	237 850	24
120 500	69 000	Other income	87 809	64 906	
		Gains on disposal of property, plant and equipment			
15 784 932	13 268 368	Non-exchange revenue	14 949 231	12 890 079	
68 354	99 720	Finance income	68 747	71 488	23
134 172	118 437	City improvement districts (CIDs)	134 172	118 487	24
5 964 279	5 427 388	Property rates	6 018 735	5 546 774	25
2 002 938	1 895 992	Fuel levy	2 002 938	1 895 992	
916 392	168 710	Fines	988 017	729 140	
6 603 826	5 459 104	Government grants and subsidies	5 674 639	4 442 190	26
94 971	99 017	Public contributions	61 983	86 008	27
32 249 282	28 679 285	Total revenue	31 735 038	28 190 924	
		EXPENDITURE			
8 808 138	9 459 183	Employee-related costs	8 124 734	8 640 854	28
133 619	123 721	Remuneration of councillors	128 411	119 708	29
1 714 534	901 092	Impairment costs	1 540 200	1 328 226	30
186 652	190 478	Collection costs	172 518	174 129	
1 991 641	1 937 824	Depreciation and amortisation expenses	1 900 718	1 752 270	31
912 390	863 954	Finance costs	779 929	807 283	32
7 086 261	6 607 911	Bulk purchases	7 108 843	6 591 232	33
3 933 510	3 350 129	Contracted services	3 576 198	3 312 529	
145 709	122 494	Grants and subsidies paid	136 487	115 021	34
4 368 161	3 669 133	General expenses	3 925 804	3 691 021	35
-	4	Losses on disposal of property, plant and equipment	3 096	1 944	
29 280 615	27 225 923	Total expenditure	27 396 938	26 534 217	
2 968 667	1 453 362	Surplus from operations	4 338 100	1 656 707	
2 968 667	1 453 362	SURPLUS FOR THE YEAR	4 338 100	1 656 707	

¹ Comparative restated: see note 44 for more details.

Statement of change in net assets for the year ended 30 June 2015

	Housing development fund	Capital replacement reserve	Self-insurance reserve	Accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
2014					
Balance as at 30 June 2013	504 356	1 281 721	511 743	20 159 376	22 457 196
Restated surplus ¹	-	-	-	1 656 707	1 656 707
Surplus as previously reported	-	-	-	1 659 476	-
Correction of error	-	-	-	(2 769)	-
Transfer (from)/to	(13 848)	419 180	51 761	(457 093)	-
Property, plant and equipment purchased	(22 089)	(512 908)	-	534 997	-
Balance as at 30 June 2014	468 419	1 187 993	563 504	21 893 987	24 113 903
2015					
Surplus for the year	-	-	-	4 338 100	4 338 100
Transfer (from)/to	(3 503)	1 122 870	(34 744)	(1 084 623)	-
Property, plant and equipment purchased	(68 531)	(445 744)	-	514 275	-
Balance as at 30 June 2015	396 385	1 865 119	528 760	25 661 739	28 452 003

¹ Comparative restated: see note 44.1 for more details.

Cash flow statement for the year ended 30 June 2015

	Note	2015 R'000	2014 R'000 Restated ¹
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		28 815 012	26 473 343
Cash paid to suppliers and employees		(22 782 130)	(21 937 504)
Cash generated from operations	36	6 032 882	4 535 839
Finance income		735 298	729 374
Finance costs		(709 455)	(749 639)
NET CASH FROM OPERATING ACTIVITIES		6 058 725	4 515 574
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and other		(5 251 742)	(4 502 293)
Adjustment on property, plant and equipment cost ²		51 249	-
Proceeds on disposal of assets		91 419	71 458
Decrease/(increase) in long-term receivables		28 800	(1 751)
Decrease/(increase) in investments		361 949	(2 263 558)
NET CASH FROM INVESTING ACTIVITIES		(4 718 325)	(6 696 144)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(309 852)	(345 067)
(Decrease)/increase in deposits		(97 959)	62 000
NET CASH FROM FINANCING ACTIVITIES		(407 811)	(283 067)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	37	932 589	(2 463 637)
Cash and cash equivalents at the beginning of the year		2 266 559	4 730 196
Cash and cash equivalents at the end of the year		3 199 148	2 266 559

¹ Comparative restated: See note 44.1 for more details.

² See note 44.3 for more detail.



Statement of comparison of budget and actual amounts for the year ended 30 June 2015

Note	Actuals	Approved budget	Final budget	Variance:	
	R'000	R'000	R'000	Final budget and actual amounts	Variance
				R'000	%
STATEMENT OF FINANCIAL POSITION	39.2.1				
Total non-current assets	38 578 872	37 639 154	37 230 934	(1 347 938)	(3,62)
Total current assets	10 571 363	10 530 544	10 897 328	325 965	2,99
Total assets	49 150 235	48 169 698	48 128 262	(1 021 973)	(2,12)
Total non-current liabilities	12 040 207	13 001 051	13 881 057	1 840 850	13,26
Total current liabilities	8 658 025	7 321 816	7 179 861	(1 478 164)	(20,59)
Total liabilities	20 698 232	20 322 867	21 060 918	362 686	1,72
Total net assets	28 452 003	27 846 831	27 067 344	(1 384 659)	(5,12)
Total net assets and liabilities	49 150 235	48 169 698	48 128 262	(1 021 973)	(2,12)
STATEMENT OF FINANCIAL PERFORMANCE	39.2.2				
Service charges	15 197 370	15 262 264	15 184 641	(12 729)	(0,08)
Rental of letting stock and facilities	369 121	358 711	358 438	(10 683)	(2,98)
Finance income	741 585	484 024	472 848	(268 737)	(56,83)
Licences and permits	43 110	40 388	40 988	(2 122)	(5,18)
Agency services	168 519	150 439	153 993	(14 526)	(9,43)
Other income	381 212	335 390	335 468	(45 744)	(13,64)
Gains on disposal of property, plant and equipment	87 809	120 500	120 500	32 691	27,13
Property rates	6 018 735	5 942 513	5 964 279	(54 456)	(0,91)
Fuel levy	2 002 938	2 002 938	2 002 938	-	-
Fines	988 017	175 648	916 392	(71 625)	(7,82)
Government grants and subsidies	5 674 639	6 279 282	6 603 826	929 187	14,07
Public contributions	61 983	101 740	94 971	32 988	34,73
Total revenue	31 735 038	31 253 837	32 249 282	514 244	1,59
Employee-related costs	8 124 734	8 940 483	8 808 138	683 404	7,76
Remuneration of councillors	128 411	133 619	133 619	5 208	3,90
Impairment costs	1 540 200	950 533	1 714 534	174 334	10,17
Collection costs	172 518	201 630	186 652	14 134	7,57
Depreciation and amortisation expenses	1 900 718	2 154 335	1 991 641	90 923	4,57
Finance costs	779 929	919 232	912 390	132 461	14,52
Bulk purchases	7 108 843	7 050 011	7 086 261	(22 582)	(0,32)
Contracted services	3 576 198	4 205 198	3 933 510	357 312	9,08
Grants and subsidies paid	136 487	125 354	145 709	9 222	6,33
General expenses	3 925 804	3 974 974	4 368 161	442 357	10,13
Losses on disposal of property, plant and equipment	3 096	-	-	(3 096)	(100,00)
Total expenditure	27 396 938	28 655 369	29 280 615	1 883 677	6,43
Surplus for the year	4 338 100	2 598 468	2 968 667	(1 369 433)	(46,13)
CASH FLOW STATEMENT	39.2.3				
Net cash from (used) operating	6 058 725	5 618 991	5 297 911	(760 814)	(14,36)
Net cash from (used) investing	(4 718 325)	(6 478 138)	(7 101 516)	(2 383 191)	33,56
Net cash from (used) financing	(407 811)	1 224 051	1 224 443	1 632 254	133,31
Net increase/(decrease) in cash and cash equivalents	932 589	364 904	(579 162)	(1 511 751)	261,02
CAPITAL EXPENDITURE	39.2.4				
City Health	20 173	21 966	20 802	629	3,02
City Manager	13 920	6 771	14 638	718	4,91
Compliance and Auxiliary Services	3 723	12 376	3 774	51	1,35
Community Services	199 711	203 711	237 145	37 434	15,79
Corporate Services	379 050	359 474	392 444	13 394	3,41
Energy, Environmental and Spatial Planning	56 216	118 119	57 859	1 643	2,84
Finance	90 673	105 509	92 389	1 716	1,86
Safety and Security	82 095	70 559	82 247	152	0,18
Social Development and Early Childhood Development	23 251	18 410	24 258	1 007	4,15
Tourism, Events and Economic Development	36 678	39 227	38 681	2 003	5,18
Transport for Cape Town	1 218 720	1 603 984	1 754 131	535 411	30,52
Human Settlements	962 099	860 855	1 071 754	109 655	10,23
Solid Waste Management	228 009	415 875	228 501	492	0,22
Water and Sanitation	984 909	1 069 211	1 048 234	63 325	6,04
Cape Town Electricity	952 515	1 305 268	1 061 363	108 848	10,26
Total¹	5 251 742	6 211 315	6 128 220	876 478	14,30

¹ The actual capital expenditure amount does not include the contributed assets amount of R4,95 million. See appendix B.

ACCOUNTING POLICY

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 46.1 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

- **Useful lives of property, plant and equipment**

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

- **Budget information**

Variances between budget and actual amounts are regarded as material when a 5% variance exists. All material differences are explained in the notes to the annual financial statements.

- **Cash-generating assets**

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

As such, management has determined that the City does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the City.

Adoption of new and revised standards

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

The City has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. Effective dates have been given for some of the standards, while for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2015, the following standards had been issued but were not yet effective:

- **Annual periods commencing on or after 1 April 2015:**

- GRAP 105 - Transfers of functions between entities under common control
- GRAP 106 - Transfers of functions between entities not under common control
- GRAP 107 - Mergers

- **No effective dates provided yet:**

- GRAP 18 - Segment reporting
- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 108 - Statutory receivables
- IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

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

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

RESERVES

The 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, cash amounts are transferred from the accumulated surplus to the CRR.

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

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and 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 viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

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

The 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	2-50
Electricity	15-50	Other vehicles	5-15
Water	15-30	Office equipment	3-10
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	8-20
		Library books	1
Community		Furniture and fittings	10
Recreational facilities	20-30	Central processing units	4
Security	5-10	Plant and equipment	5
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable as it has an indefinite useful life. 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 are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

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

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

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

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

INTANGIBLE ASSETS

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

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

The 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.

Amortisation rates

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

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

	Years
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All 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 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 that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

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

PROVISIONS

A provision is recognised when the 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 during which they become payable.

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

Post-retirement pension funds

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

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

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

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year 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 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy.

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

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

Actuarial gains or losses are fully accounted for in the statement of financial performance in 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 the period during 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 or where management made such a determination to 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.

Currently the City has no finance lease agreements.

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 during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the 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 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 are incurred by the city are expensed in the statement of financial performance in the period during 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 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 2014 to 30 June 2015. 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 accounted for 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 2015							
Land and buildings	1 997 599	70 176	46 023	-	(36 020)	(9 931)	2 067 847
Infrastructure	16 829 950	(170 918)	3 139 878	-	(795 832)	-	19 003 078
Community	6 279 252	56 825	285 534	-	(312 440)	(291)	6 308 880
Other	3 180 530	(461 058)	922 241	(5 453)	(497 607)	(6 194)	3 132 459
Service concession	878 412	150 892	257 956	-	(93 282)	-	1 193 978
Housing rental stock	1 373 115	273 347	162 955	(1 242)	(71 313)	-	1 736 862
TOTAL	30 538 858	(80 736)	4 814 587	(6 695)	(1 806 494)	(16 416)	33 443 104

(See Appendix B for more details)

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

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

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 44.3).

Fully depreciated assets at an original cost of R581,50 million (2014: R607,80 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 R7,12 million (2014: R21,20 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.

During the 2014 financial year, the City entered into long-term agreements with three operators to run a high-quality bus-based urban transit or IRT system known as MyCiTi. In terms of these agreements, the City has made available to the operators busses (and related depots) purchased by the City for the purposes of rendering the MyCiTi services. The agreements are for an initial period of 12 years, after which a new tender process will be followed. In terms of the agreements, the City has full control over the nature, timing and extent of the services that the operators have to perform, and the fees for the services rendered are determined as per the operator-specific schedules and annexes that form part of the signed agreements.

2. HERITAGE ASSETS**As at 30 June 2015**

Assets under construction
Paintings and museum items

TOTAL

Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
R'000	R'000	R'000	R'000	R'000
-	-	-	-	-
9 111	(38)	-	(11)	9 062
9 111	(38)	-	(11)	9 062

(See Appendix B for more details)

As at 30 June 2014

Assets under construction
Paintings and museum items

TOTAL

330	(330)	-	-	-
9 081	-	37	(7)	9 111
9 411	(330)	37	(7)	9 111

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

3. INVESTMENT PROPERTY**As at 30 June 2015**

Vacant land
Land and buildings

TOTAL

Opening balance	Transfers/ adjustments	Additions	Depreciation	Carrying value
R'000	R'000	R'000	R'000	R'000
148 574	-	400 175	-	548 749
42 275	(1)	-	(1 641)	40 633
190 849	(1)	400 175	(1 641)	589 382

(See Appendix B for more details)

As at 30 June 2014

Vacant land
Land and buildings

TOTAL

148 574	-	-	-	148 574
43 371	545	-	(1 641)	42 275
191 945	545	-	(1 641)	190 849

4. INTANGIBLE ASSETS**As at 30 June 2015**

Assets under construction
Acquisition of rights
Computer software

TOTAL

Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
R'000	R'000	R'000	R'000	R'000
216 720	(85 951)	-	-	130 769
394 370	85 951	-	(58 905)	421 416
118 417	29 526	41 933	(33 678)	156 198
729 507	29 526	41 933	(92 583)	708 383

(See Appendix B for more details)

As at 30 June 2014

Assets under construction
Acquisition of rights
Computer software

TOTAL

631 109	(414 389)	-	-	216 720
-	414 389	-	(20 019)	394 370
125 500	811	22 752	(30 646)	118 417
756 609	811	22 752	(50 665)	729 507

5. INVESTMENTS

As at 30 June 2015

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	76 655	-	-	76 655
Sinking-fund deposits – see note 11 and 38	1 788 233	-	-	1 788 233
Other fixed deposits	1 846 459	-	-	1 846 459
Deposits held with fund managers	-	4 491 371	-	4 491 371
Shares in CTICC	-	-	603 998	603 998
	3 711 347	4 491 371	603 998	8 806 716
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	3 706 028	4 491 371	358 766	8 556 165
Current portion transferred to short-term investments	-	(1 746 347)	-	(1 746 347)
Current portion transferred to cash and cash equivalents – see note 10	(1 842 167)	(1 214 034)	-	(3 056 201)
TOTAL	1 863 861	1 530 990	358 766	3 753 617

Investments detailed as follows:

Balance at the beginning of the year	2 422 681	5 314 123	188 767	7 925 571
Capital invested	25 397 600	-	169 999	25 567 599
Investments matured	(24 401 659)	(1 130 000)	-	(25 531 659)
Recognised in the statement of financial performance	287 406	307 248	-	594 654
Finance income	287 406	317 643	-	605 049
Loss on valuation of investments	-	(3 746)	-	(3 746)
Transaction cost	-	(6 649)	-	(6 649)
Balance at the end of the year	3 706 028	4 491 371	358 766	8 556 165

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

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2014: 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, R604,00 million (2014: R434,00 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 2015, 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 2015 is therefore maintained at R245,23 million (2014: 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

	2015 R'000	2014 R'000
Sporting bodies	758	897
Housing land sales	789	868
	3 100	2 860
Public organisations	5 531	6 075
Provision for impairment	(2 431)	(3 215)
	90 515	119 337
Housing selling developments	108 375	131 806
Provision for impairment	(17 860)	(12 469)
	95 162	123 962
Current portion transferred to current receivables	(19 838)	(19 650)
TOTAL	75 324	104 312

Reconciliation of impairment provision

Balance at beginning of the year	15 684	43 385
Contribution to/(from) provisions	4 607	(27 701)
Balance as at 30 June	20 291	15 684

Sporting bodies

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

Housing land sale

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

Public organisations

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

Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 9,25% (2014: 8,5%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

7. INVENTORY

	2015	2014
	R'000	R'000
Consumable stores	218 054	217 730
Spare parts and meters	29 643	21 313
Water	20 168	19 649
Other goods held for use/resale	12 451	10 591
TOTAL	280 316	269 283

Inventory to the value of R1,17 million (2014: R3,27 million) was scrapped during the year. Inventories (excluding bulk water) that were recognised as stores issues during the year amounted to R910,17 million (2014: R972,23 million), of which a portion was capitalised.

8. RECEIVABLES

	As at 30 June 2015			As at 30 June 2014		
	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	6 659 768	(3 627 311)	3 032 457	6 507 650	(3 443 414)	3 064 236
Service debtors	5 708 766	(2 888 362)	2 820 404	5 572 972	(2 854 984)	2 717 988
Housing rental stock	615 069	(550 292)	64 777	543 828	(473 022)	70 806
Housing selling stock	183 524	(144 147)	39 377	175 969	(106 031)	69 938
Other exchange debtors	152 409	(44 510)	107 899	214 881	(9 377)	205 504
From non-exchange transactions	2 295 357	(709 317)	1 586 040	2 032 966	(787 553)	1 245 413
Rates debtors	2 263 491	(703 586)	1 559 905	2 004 006	(781 263)	1 222 743
Other non-exchange debtors	31 866	(5 731)	26 135	28 960	(6 290)	22 670
TOTAL	8 955 125	(4 336 628)	4 618 497	8 540 616	(4 230 967)	4 309 649

As at 30 June 2015, the City's receivables balance included an amount of approximately R130,73 million (2014: R143,02 million), owed by National Government and the Provincial Government.

Reconciliation of impairment provision

	2015	2014
	R'000	R'000
Balance at beginning of the year	4 230 967	4 045 082
Contributions to provisions	802 097	766 563
Transfers from provisions	(4 584)	(5 853)
Bad debts written off	(691 852)	(574 825)
Balance as at 30 June	4 336 628	4 230 967

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 2015			As at 30 June 2014		
	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	6 659 768	(3 627 311)	3 032 457	6 507 650	(3 443 414)	3 064 236
Service debtors	5 708 766	(2 888 362)	2 820 404	5 572 972	(2 854 984)	2 717 988
Electricity	1 388 686	(194 865)	1 193 821	1 303 716	(133 746)	1 169 970
Not due	841 519	(9 341)	832 178	866 720	-	866 720
Past due						
1-30	141 215	(1 567)	139 648	127 737	-	127 737
31-60	50 952	(566)	50 386	32 317	-	32 317
61-90	32 421	(360)	32 061	21 948	-	21 948
91-365	141 114	(1 566)	139 548	121 248	-	121 248
365+	181 465	(181 465)	-	133 746	(133 746)	-
Water	2 654 722	(1 698 479)	956 243	2 637 398	(1 728 483)	908 915
Not due	322 145	(39 012)	283 133	360 859	(63 944)	296 915
Past due						
1-30	147 494	(17 862)	129 632	116 261	(20 601)	95 660
31-60	79 630	(9 643)	69 987	70 453	(12 484)	57 969
61-90	66 663	(8 073)	58 590	69 382	(12 295)	57 087
91-365	472 068	(57 167)	414 901	487 706	(86 422)	401 284
365+	1 566 722	(1 566 722)	-	1 532 737	(1 532 737)	-
Waste management	457 590	(266 015)	191 575	439 662	(251 862)	187 800
Not due	45 577	(1 832)	43 745	51 260	(3 224)	48 036
Past due						
1-30	31 526	(1 267)	30 259	28 022	(1 762)	26 260
31-60	15 880	(639)	15 241	15 387	(968)	14 419
61-90	12 284	(494)	11 790	14 084	(886)	13 198
91-365	94 332	(3 792)	90 540	91 652	(5 765)	85 887
365+	257 991	(257 991)	-	239 257	(239 257)	-
Wastewater management	1 207 768	(729 003)	478 765	1 192 196	(740 893)	451 303
Not due	154 217	(13 787)	140 430	175 050	(24 087)	150 963
Past due						
1-30	73 407	(6 563)	66 844	57 280	(7 882)	49 398
31-60	40 668	(3 636)	37 032	35 830	(4 930)	30 900
61-90	31 170	(2 786)	28 384	32 182	(4 428)	27 754
91-365	226 307	(20 232)	206 075	222 969	(30 681)	192 288
365+	681 999	(681 999)	-	668 885	(668 885)	-
Housing rental stock	615 069	(550 292)	64 777	543 828	(473 022)	70 806
Not due	40 760	(25 577)	15 183	44 590	(26 558)	18 032
Past due						
1-30	20 840	(13 077)	7 763	18 058	(10 755)	7 303
31-60	9 685	(6 077)	3 608	9 423	(5 612)	3 811
61-90	9 462	(5 937)	3 525	9 372	(5 582)	3 790
91-365	93 150	(58 452)	34 698	93 645	(55 775)	37 870
365+	441 172	(441 172)	-	368 740	(368 740)	-

Analysis of receivables' age in days - continued

	As at 30 June 2015			As at 30 June 2014		
	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
Housing selling stock	183 524	(144 147)	39 377	175 969	(106 031)	69 938
Not due	13 818	(2 282)	11 536	28 334	(2 657)	25 677
Past due						
1-30	7 945	(1 319)	6 626	17 880	(1 637)	16 243
31-60	2 283	(376)	1 907	(2)	-	(2)
61-90	2 112	(348)	1 764	1 090	(103)	987
91-365	21 010	(3 466)	17 544	29 824	(2 791)	27 033
365+	136 356	(136 356)	-	98 843	(98 843)	-
Other exchange debtors	152 409	(44 510)	107 899	214 881	(9 377)	205 504
Not due	77 210	-	77 210	196 113	(1 412)	194 701
Past due						
1-30	5 498	-	5 498	6 281	(45)	6 236
31-60	3 166	-	3 166	2 920	(21)	2 899
61-90	6 932	-	6 932	475	(4)	471
91-365	15 093	-	15 093	1 206	(9)	1 197
365+	44 510	(44 510)	-	7 886	(7 886)	-
FROM NON-EXCHANGE TRANSACTIONS	2 295 357	(709 317)	1 586 040	2 032 966	(787 553)	1 245 413
Rates debtors	2 263 491	(703 586)	1 559 905	2 004 006	(781 263)	1 222 743
Not due	1 375 960	(72 925)	1 303 035	840 645	(3 446)	837 199
Past due						
1-30	898	(48)	850	43 208	(177)	43 031
31-60	37 958	(2 012)	35 946	34 301	(140)	34 161
61-90	27 184	(1 440)	25 744	35 301	(145)	35 156
91-365	205 206	(10 876)	194 330	274 321	(1 125)	273 196
365+	616 285	(616 285)	-	776 230	(776 230)	-
Other non-exchange debtors	31 866	(5 731)	26 135	28 960	(6 290)	22 670
Not due	16 776	-	16 776	13 836	-	13 836
Past due						
1-30	4 672	-	4 672	4 093	-	4 093
31-60	1 349	-	1 349	767	-	767
61-90	614	-	614	604	-	604
91-365	2 724	-	2 724	3 370	-	3 370
365+	5 731	(5 731)	-	6 290	(6 290)	-
TOTAL	8 955 125	(4 336 628)	4 618 497	8 540 616	(4 230 967)	4 309 649

Included in the column "Not due" are debtors to the value of R800,44 million (2014: R698,80 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period, as well as amounts billed that were only invoiced after year-end.

9. OTHER RECEIVABLES

	As at 30 June 2015			As at 30 June 2014		
	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	279 441	(65 960)	213 481	171 300	(55 344)	115 956
Payments made in advance	56 126	-	56 126	4	-	4
Property rentals	80 773	(48 102)	32 671	80 237	(42 679)	37 558
Other exchange debtors	142 542	(17 858)	124 684	91 059	(12 665)	78 394
From non-exchange transactions	1 718 931	(1 225 195)	493 736	1 136 685	(838 106)	298 579
Government subsidies	164 141	-	164 141	112 385	-	112 385
Traffic fines	1 539 573	(1 225 195)	314 378	1 002 781	(838 106)	164 675
Other non-exchange debtors	15 217	-	15 217	21 519	-	21 519
TOTAL	1 998 372	(1 291 155)	707 217	1 307 985	(893 450)	414 535

Included in 'Other exchange debtors' is an amount of R1,36 million for VAT owed by the South African Revenue Service (SARS). (2014: R10,79 million restated from R12,12 million).

The 2014 comparative amount of R414,54 million has been restated from R417,30 million (see note 44.1).

Reconciliation of impairment provision

	2015 R'000	2014 R'000
Balance at beginning of the year	893 450	52 147
Contributions to provisions	626 863	469 957
Transfers (from)/to provisions	(218 706)	373 452
Bad debt written off	(10 452)	(2 106)
Balance as at 30 June	1 291 155	893 450

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 2015			As at 30 June 2014		
	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	279 441	(65 960)	213 481	171 300	(55 344)	115 956
Payment made in advance	56 126	-	56 126	4	-	4
Not due	56 126	-	56 126	4	-	4
Property rentals	80 773	(48 102)	32 671	80 237	(42 679)	37 558
Not due	7 705	(1 047)	6 658	7 142	(141)	7 001
Past due						
1-30	16 925	(2 300)	14 625	22 934	(452)	22 482
31-60	2 089	(284)	1 805	1 361	(27)	1 334
61-90	11 708	(1 591)	10 117	(4 603)	91	(4 512)
91-365	(618)	84	(534)	11 479	(226)	11 253
365+	42 964	(42 964)	-	41 924	(41 924)	-
Other exchange debtors	142 542	(17 858)	124 684	91 059	(12 665)	78 394
Not due	116 093	(109)	115 984	69 809	(63)	69 746
Past due						
1-30	8 650	(33)	8 617	6 208	(27)	6 181
31-60	166	(9)	157	127	(13)	114
61-90	359	(10)	349	(1 415)	87	(1 328)
91-365	(313)	(110)	(423)	3 886	(205)	3 681
365+	17 587	(17 587)	-	12 444	(12 444)	-
FROM NON-EXCHANGE TRANSACTIONS	1 718 931	(1 225 195)	493 736	1 136 685	(838 106)	298 579
Government subsidies	164 141	-	164 141	112 385	-	112 385
Not due	164 141	-	164 141	112 385	-	112 385
Traffic fines	1 539 573	(1 225 195)	314 378	1 002 781	(838 106)	164 675
Not due	-	-	-	-	-	-
Past due						
1-30	70 423	(55 533)	14 890	47 576	(39 180)	8 396
31-60	71 752	(56 582)	15 170	56 150	(46 241)	9 909
61-90	66 226	(52 225)	14 001	54 589	(44 956)	9 633
91-365	593 748	(468 217)	125 531	448 075	(369 003)	79 072
365+	737 424	(592 638)	144 786	396 391	(338 726)	57 665
Other non-exchange debtors	15 217	-	15 217	21 519	-	21 519
Not due	15 217	-	15 217	21 519	-	21 519
TOTAL	1 998 372	(1 291 155)	707 217	1 307 985	(893 450)	414 535

10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	2015 R'000	2014 R'000
Bank balance	108 447	174 987
Year-end accruals	(71)	(26)
Interest accrual	367	465
Bank charges accrual	(438)	(491)
Cash on hand and in transit	34 571	32 973
Call and short-term deposits – see note 5	1 842 167	721 040
Amortised cost	1 985 114	928 974
Call and short-term deposits	1 206 089	1 329 160
Bank accounts managed by fund managers	7 945	8 425
Fair value – see note 5	1 214 034	1 337 585
TOTAL	3 199 148	2 266 559

11. BORROWINGS

	2015 R'000	2014 R'000
Local registered stock loans	4 275 489	4 275 489
Concessionary loans	1 820 337	1 945 512
Other loans	665 355	813 463
Subtotal - see Appendix A for more details	6 761 181	7 034 464
Current portion transferred to current liabilities	(345 682)	(368 325)
TOTAL	6 415 499	6 666 139

A total of R1,79 billion (2014: R1,63 billion) has been ring-fenced for the repayment of long-term liabilities - see note 5 and 38 for more details.

MARKETABLE BONDS**4 275 489 4 275 489****Marketable bonds**

4 275 489 4 275 489

In terms of the Entity's domestic medium-term note (DMTN) programme, registered on the Johannesburg Stock Exchange (JSE) Limited unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% and 12,57% per annum. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). 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**1 820 337 1 945 512****Agence Francaise De Developpement (AFD)**

1 802 341 1 924 290

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

25 22

An unsecured loan bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019.

DBSA

17 971 21 200

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.

	2015	2014
	R'000	R'000
OTHER LOANS	665 355	813 463
FirstRand Bank	147 725	158 723
<p>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.</p> <p>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.</p>		
DBSA	348 415	444 308
<p>Unsecured loans bearing interest at fixed rates ranging between 9,42% and 12,25% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2015 to 31 December 2022.</p>		
ABSA Bank	60 000	80 000
<p>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.</p>		
FirstRand Bank	109 215	130 432
<p>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.</p> <p>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.</p>		
TOTAL - see Appendix A for more details	6 761 181	7 034 464

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

SHORT-TERM DEBT FACILITIES

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

	2015	2014
	R'000	R'000
Performance guarantee and/or letter of credit	15 000	15 000
Business travel card	2 000	2 000
Daylight limit	2 000 000	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 that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

A card issued by the bank that enables the 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	Environmental rehabilitation	Post-retirement health care benefits	Post-retirement pension benefits	Total
	R'000	R'000	R'000	R'000	R'000
As at 30 June 2015					
Balance at the beginning of the year	436 627	274 069	5 041 990	31 276	5 783 962
Interest costs	36 188	28 871	492 890	2 877	560 826
Service costs	40 360	21 272	123 343	800	185 775
Benefit payments	(47 352)	-	(171 142)	(1 391)	(219 885)
Actuarial gains	(9 898)	(77 385)	(602 779)	(10 793)	(700 855)
Transferred from current provisions (prior-year)	66 264	28 000	169 684	2 030	265 978
	522 189	274 827	5 053 986	24 799	5 875 801
Transfer to current provision	(58 800)	(2 342)	(187 931)	(2 020)	(251 093)
TOTAL	463 389	272 485	4 866 055	22 779	5 624 708

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 2015 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The nominal and zero curves as at 30 June 2015 supplied by the JSE was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period (2014: 8,10%).

	2015	2014
	%	%
Key financial assumptions		
Discount rate	Yield curve	8,10
General inflation rate (consumer price index)	Difference between nominal and real yield curve	6,00
Salary increase	Equal to CPI + 1%	8,00

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 5,85% (2014: 5,90%) and discounted to present values at the average borrowing cost of 10,26% (2014: 10,42%).
- The scheduled dates of total closure and rehabilitation are at present anticipated to be between 2016 and 2023.

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.

13. DEPOSITS

Electricity and water
Other deposits

2015	2014
R'000	R'000
263 128	364 235
9 130	5 982
272 258	370 217

Guarantees held in lieu of electricity and water deposits were R33,31 million (2014: R79,08 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 2015 R'000	Raised R'000	Utilised/ Reversed R'000	Transfers from non-current R'000	Closing balance 2015 R'000
Other provisions	273 003	208 423	(160 765)	-	320 661
Insurance claims	20 856	13 858	(20 856)	-	13 858
Post-retirement benefits	171 714	-	(171 714)	189 951	189 951
Environmental rehabilitation	28 000	-	(28 000)	2 342	2 342
Long-service awards	66 264	-	(66 264)	58 800	58 800
Leave benefits	518 713	22 957	-	-	541 670
TOTAL	1 078 550	245 238	(447 599)	251 093	1 127 282

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2015, 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 R112,28 million for TASK backpay pay and an amount of R117,63 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

	2015 R'000	2014 R'000
Trade creditors	3 414 989	3 136 700
Payments received in advance	1 145 268	955 238
Inter-company advances	18 513	27 381
Third-party payments	335 221	302 703
Other creditors	383 889	341 353
TOTAL	5 279 880	4 763 375

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**

National Government
Western Cape Government

Other conditional receipts

Public contributions

TOTAL

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.

2015	2014
R'000	R'000
1 442 652	1 428 847
996 069	1 046 140
446 583	382 707
86 464	66 921
86 464	66 921
1 529 116	1 495 768

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.

381 428	365 287
248 353	322 429
133 075	42 858
(295 621)	(286 266)
85 807	79 021

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 (from)/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.

346 222	384 125
48 599	42 155
12 174	3 116
32 479	32 407
601	1 192
3 345	3 467
-	1 973
15 893	14 952
(101 032)	(89 818)
(68 531)	(22 089)
(32 501)	(67 729)
(6 911)	(5 192)
302 771	346 222
122 197	120 231
(23 976)	(25 734)
(23 432)	(24 138)
(544)	(1 596)
(5 391)	26 236
784	1 464
93 614	122 197
396 385	468 419

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 R17,90 billion (2014: R16,35 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

The 2014 comparative amount of R21,89 billion has been restated from R21,89 billion (see note 44.1).

21. SERVICE CHARGES

Sale of electricity
Sale of water
Waste management (solid waste)
Wastewater management (sewerage and sanitation)
Other

TOTAL**22. RENTAL OF LETTING STOCK AND FACILITIES**

Rental agreements
Hire/rentals

Income forgone*

TOTAL**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**24. OTHER INCOME****Exchange transactions**

Insurance recoveries
Bulk infrastructure levies
Skills development levy
Recovery of investment written off
Other income
Gains on foreign-exchange transactions
Fair value adjustments

Non-exchange transactions

City Improvement Districts

TOTAL

The City received service in kind in the form of volunteers estimated to the value of R153,07 million (2014: R137,02 million). This amount is not recognised as revenue or as an asset as such in the financial statement of performance.

	2015	2014
	R'000	R'000
	1 865 119	1 187 993
	528 760	563 504
	460 436	493 849
	68 324	69 655
TOTAL	2 393 879	1 751 497
	25 661 739	21 893 987
	9 977 027	9 323 247
	2 524 635	2 185 812
	890 741	837 381
	1 321 307	1 188 106
	483 660	369 134
TOTAL	15 197 370	13 903 680
	357 239	318 515
	43 650	32 755
	400 889	351 270
	(31 768)	(33 380)
TOTAL	369 121	317 890
	672 838	581 877
	614 086	514 421
	(70 730)	(53 368)
	129 482	120 824
	68 747	71 488
TOTAL	741 585	653 365
	247 040	237 850
	813	2 017
	104 884	60 054
	21 228	20 503
	8	-
	127 418	147 844
	46	-
	(7 357)	7 432
	134 172	118 487
TOTAL	381 212	356 337

*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.

25. PROPERTY RATES**Actual**Residential, commercial and state
Income forgone***TOTAL PROPERTY RATES**

2015	2014
R'000	R'000
7 113 743	6 552 820
(1 095 008)	(1 006 046)
6 018 735	5 546 774

Valuations

Rateable properties

Non-rateable properties

Total property rates at commencement of financial year

887 913 413	884 713 852
24 243 373	24 052 160
912 156 786	908 766 012

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

620 887 683	624 049 005
258 159 222	244 438 376
14 227 482	20 747 223
7 751 245	8 407 241
11 131 154	11 124 167
912 156 786	908 766 012

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.

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

1 667 298	1 243 270
1 667 298	1 243 270
4 007 341	3 198 920
174 747	137 078
14 405	24 317
2 818 154	2 189 119
999 781	836 024
254	12 382
5 674 639	4 442 190

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

3 251 460	2 389 432
2 423 179	2 052 758
5 674 639	4 442 190

*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.

Provincial health subsidies

Balance unspent at beginning of year
 Current-year receipts – included in public health vote
 Conditions met – transferred to revenue

	2015	2014
	R'000	R'000
	-	-
	(174 747)	(137 078)
	174 747	137 078
Conditions still to be met – transferred to liabilities	-	-

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

	(382 707)	(269 948)
	56 685	48 740
	(1 044 774)	(937 585)
	(7 107)	(9 328)
	80 802	33 056
	1 014 186	860 341
	(163 668)	(107 983)
Conditions still to be met – transferred to liabilities – see note 16	(446 583)	(382 707)

National Government projects

Balance unspent at beginning of year
 Regrouping adjustment
 Current-year receipts
 Interest earned
 Adjustments
 Conditions met – transferred to revenue
 Amounts still to be claimed

	(1 046 140)	(527 091)
	-	60
	(2 908 248)	(2 672 459)
	(56 811)	(40 879)
	196 976	5 110
	2 818 154	2 189 119
	-	-
Conditions still to be met – transferred to liabilities – see note 16	(996 069)	(1 046 140)

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

27. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections
 Contributed assets
 Other
TOTAL

	32 609	37 423
	4 953	33 387
	24 421	15 198
TOTAL	61 983	86 008

Public contributions and other third-party funds

Balance unspent at beginning of the year
 Regrouping adjustment
 Current-year receipts
 Interest earned
 Adjustments
 Conditions met – transferred to revenue
 Amounts still to be claimed

	(66 921)	(61 517)
	4 343	1 639
	(77 280)	(52 670)
	(1 497)	(923)
	(6 619)	(35 056)
	61 983	86 008
	(473)	(4 402)
Conditions still to be met – transferred to liabilities – see note 16	(86 464)	(66 921)

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.

	2015	2014
	R'000	R'000
28. EMPLOYEE-RELATED COSTS		
Salaries and wages	5 729 979	5 323 227
Social contributions – Unemployment Insurance Fund (UIF), pensions and medical aid	1 513 972	1 394 292
Travel, car, accommodation, subsistence and other allowances	335 069	338 487
Housing benefits and allowances	28 439	26 512
Overtime payments	393 447	359 418
Contributions and benefits paid: current provisions	75 624	(304 166)
Contribution: post-retirement and long service benefits	72 988	1 524 847
Current service cost	164 503	134 111
Interest cost	531 955	400 393
Actuarial (gains)/losses	(623 470)	990 343
Expenditure recharged to capital projects	8 149 518	8 662 617
TOTAL	8 124 734	8 640 854
29. REMUNERATION OF COUNCILLORS		
Executive Mayor	1 219	1 164
Deputy Executive Mayor	891	841
Speaker	891	841
Chief Whip	817	770
Mayoral Committee Members	8 762	8 097
Subcouncil Chairpersons	20 201	18 994
Portfolio chairpersons	12 424	11 697
Councillors	70 735	66 609
Councillors' pension contributions	4 692	4 582
Reimbursed travel claims	120 632	113 595
TOTAL	128 411	119 708
30. IMPAIRMENT COSTS		
Allowances for impairment losses	1 523 784	1 295 526
Impairment of property, plant and equipment	16 416	32 700
TOTAL	1 540 200	1 328 226
31. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of property, plant and equipment	1 806 494	1 699 964
Depreciation of investment property	1 641	1 641
Amortisation of intangible assets	92 583	50 665
TOTAL – see notes 1, 3, 4 and Appendix B	1 900 718	1 752 270
32. FINANCE COSTS		
Borrowings (amortised cost)	746 024	774 768
Losses on valuation of investment	5 034	830
Unwinding of discount	28 871	31 685
TOTAL	779 929	807 283
33. BULK PURCHASES		
Electricity	6 708 777	6 283 114
Water	400 066	308 118
TOTAL	7 108 843	6 591 232
34. GRANTS AND SUBSIDIES PAID		
Ad hoc	46 578	39 313
Community development and upliftment	15 421	1 338
Economic development and promotion of tourism	51 072	41 947
Education institutions	321	413
Health forum/health, HIV/Aids and TB programmes	4 027	2 649
Senior citizens – facilities for the aged	95	100
Social development and arts and culture	1 800	-
Sporting bodies	1 468	285
Cape Town World Design Company	11 500	22 800
Khayelitsha Community Trust	4 205	6 176
TOTAL	136 487	115 021

	2015	2014
	R'000	R'000
35. GENERAL EXPENSES		
Auditor remuneration	11 863	12 126
CIDs levy	130 146	114 884
Consultants	108 473	123 776
Contributions from provisions	(39 840)	(34 246)
Free basic electricity (FBE) – Eskom service areas	113 902	101 680
Fair value adjustments	-	(4)
Fuel (petrol, diesel and fuel oil)	238 824	268 642
Indigent relief	508 501	469 646
Inventory: Scrapping	1 171	3 268
Legal fees	55 497	42 866
Loss on foreign exchange transactions	3 070	3 002
Materials general and consumables	323 907	299 153
Security services	340 947	398 863
Telecommunications	85 015	96 155
Other expenditure (less than 5%)	2 046 447	1 792 982
	<u>3 927 923</u>	<u>3 692 793</u>
Expenditure recharged to capital projects	(2 119)	(1 772)
TOTAL	<u>3 925 804</u>	<u>3 691 021</u>

The 2014 comparative amount of R3,69 billion has been from R3,68 billion (see note 44.1).

36. CASH GENERATED FROM OPERATIONS		
Surplus for the year	4 338 100	1 656 707
Adjustment for:	2 229 785	3 363 430
Depreciation	1 900 718	1 752 270
Contributed assets	(4 953)	(33 387)
Impairment	16 416	65 324
Gains and losses on disposal of assets	(84 713)	(62 962)
Contribution to provisions	(139 393)	461 079
Contribution to impairment provision	503 366	1 027 188
Finance income	(741 585)	(653 365)
Cash transactions	(735 298)	(729 374)
Non-cash transactions	(6 287)	76 009
Finance costs	779 929	807 283
Cash transactions	709 455	749 639
Non-cash transactions	70 474	57 644
Operating surplus before working capital changes	6 567 885	5 020 137
Increase in inventories	(11 033)	(12 733)
Increase in receivables	(408 222)	(399 310)
Increase in other receivables	(690 387)	(965 342)
Increase in unspent conditional grants and receipts	33 348	637 212
Increase in payables	534 505	246 345
Increase in net VAT	6 786	9 530
Cash generated from operations	<u>6 032 882</u>	<u>4 535 839</u>

The 2014 comparative amount has been restated (see note 44.1).

37. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	3 199 148	2 266 559
Balance at the beginning of the year	2 266 559	4 730 196
Net increase/(decrease) in cash and cash equivalents	<u>932 589</u>	<u>(2 463 637)</u>

2015	2014
R'000	R'000

38. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS

External Finance Fund (EFF) earmarked capital expenditure (overdrawn)	(7 314 155)	(6 551 825)
2013/14 and prior years	(5 168 092)	(4 694 936)
Current year	(2 146 063)	(1 856 889)
Cash set aside for the repayment of borrowings – see note 5 and 11	1 788 233	1 631 750
Cash overdrawn	(5 525 922)	(4 920 075)

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 decrease 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 liabilities**

- i) Non-current liabilities
Borrowings were much lower than budgeted as no new loans were taken up by the City.
- ii) Current liabilities
Liabilities owed to suppliers for purchase of goods and services were much higher than expected.

39.2.2 Statement of financial performance**Revenue**

- i) Finance income
The variance is a result of interest earned on higher investment balances due to continuously favourable cash flows during the year.
- ii) Licences and permits
The variance is due to higher than expected revenue from the issuing of licences and permits.
- iii) Agency services
The variance is due to higher levels of transactions being processed than expected.
- iv) Other income
The excess recoveries are due to miscellaneous receipts from unanticipated sources
- v) Gains on disposal of property, plant and equipment
The shortfall is due to the lower than planned proceeds
- vi) Fines
The higher than anticipated income is due to more intense law enforcement, which has led to higher incidents of fines.
- vii) Government grants and subsidies
The variance is due to delays in the implementation of projects, community consultation, tender objections, environmental issues and cancellation due to poor performance.
- viii) Public contributions
The variance is due to delays in the implementation of projects, community consultation, tender objections, environmental issues and cancellation due to poor performance.

Expenditure

- i) Employee-related costs
The variance is mainly due to the turnaround time in filling vacancies, impact of consequential vacancies and delays in the appointment of non-permanent staff.
- ii) Impairment costs
The variance is due to lower than anticipated impairment cost resulting from improved collections.

- iii) Collection costs
Variance due to lower than anticipated commission paid to the collecting agency, which is based on actual income received.
- iv) Finance costs
The variance is due to the loans not taken up since they were not necessary.
- v) Contracted services
The variance is due to reduced operating hours in the MyCiTi services and delays in the implementation of projects.
- vi) Grants and subsidies paid
The variance is due to delays in the implementation of projects.
- vii) General expenses
The variance is due to reduced operating hours in the MyCiTi services and delays in the implementation of projects.
- viii) Losses on disposal of property, plant and equipment
The variance is due to lower than anticipated sale of assets.

39.2.3 Cash flow statement

- i) Net cash from (used) operating
The variance is due to under expenditure as a result of austerity measures and delays in implementation of projects.
- ii) Net cash from (used) investing
The variance is due to the under spend of the capital budget and movement between short and long term investments.
- iii) Net cash from (used) financing
The variance is mainly due to the long-term loan not being raised to fund the City's capital program.

39.2.4 Capital expenditure

- i) Community services
Variance due to delays in the implementation of projects as a result of local community dynamics, industrial action and contractor poor performance.
- ii) Tourism, Events and Economic Development
Variance due to delays in the implementation of environmental issues and contractor poor performance.
- iii) Transport for Cape Town
Variance due to delays in the implementation of projects in an ever changing business environment, poor performance of vendors and protracted procurement processes.
- iv) Human Settlements
Variance due to delay in implementation of projects, poor performance and liquidation of contractors, community dynamics and incidence of flooding.
- v) Water and sanitation
Variance due to delays in the implementation of projects, contractor poor performance and delay in the supply of equipment.
- vi) Cape Town Electricity
Variance due to delays in the implementation of projects, contractor poor performance, finalization of design and planning, non-responsive tenders and the establishment of beneficiaries.

40. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES

40.1 Irregular expenditure

Opening balance 45 -
 Expenditure – supply chain management (SCM) regulations (see incident below) - 45
 Regularised and ratified (45) -

Closing balance

Incident
▪ Business conducted with a supplier of whom a director was in service of the state

Incident for the year

2015	2014
R'000	R'000
45	-
-	45
(45)	-
-	45
-	45

2015	2014
R'000	R'000

40.2 Unauthorised, fruitless and wasteful expenditure

Opening balance
Expenditure – current year

Closing balance

294	-
-	294
294	294

Incidents	Proceedings
• Fine: non-compliance to Act	Awaiting condonement by Council
• Fine: non-compliance to Act	Awaiting condonement by Council
• ICSID: Payments not in accordance with Agreement	Awaiting condonement by Council

Incidents for the year

-	50
-	12
-	232
-	294

40.3 Material losses**Water losses**

In the current year, the material losses were 14,11%. This is made up of 9,98% reticulation losses and 4,13% abnormal production losses (2014: 10,08% - reticulation losses and 0% abnormal production losses). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. The production losses amounted to R91,11 million (2014: R90,30 million).

137 373	92 576
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Electricity losses

In the current year the energy losses were 11,25% (2014: 10,78% restated from 10,49%). These losses are the result of theft and vandalism. The production losses amounted to R436,70 million (2014: R408,64 million restated from R411,42 million).

314 416	265 186
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The 2014 comparative percentage and amount of R265,19 million has been restated from R245,99 million due to additional purchases of kWh included for completeness of small accounts.

41. COMMITMENTS**41.1 Capital commitments**

Commitments in respect of capital expenditure
Approved and contracted for

Infrastructure
Community
Other

1 858 698	2 203 693
33 564	92 517
696 472	781 895
2 588 734	3 078 105

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

Future minimum lease payments under non-cancellable operating leases.

Land and buildings

Payable within one year
Payable within two to five years

155 460	40 221
50 188	38 017
105 272	2 204

Vehicles and other equipment

Payable within one year
Payable within two to five years

514	736
245	222
269	514

155 974	40 957
----------------	---------------

Minimum lease payments recognised as an expense during the period amount to R38,24 million (2014: R49,21 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

2015	2014
R'000	R'000

41.2.2 The City as lessor

Future minimum lease income under non-cancellable operating leases.

Receivable within one year	27 071	21 422
Receivable within two to five years	96 670	65 884
Receivable after five years	204 434	147 186
Buildings	328 175	234 492

The City let properties under operating leases. Property rental income earned during the year was R26,09 million (2014: R21,62 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 R16,51 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 2015**, no councillors' were in arrears for more than 90 days for rates or services.

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

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

As at **30 June 2014**, the below councillor was in arrears for more than 90 days for rates or 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 were in arrears for more than 90 days.

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

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 2015				
Opening balance	-	106	87 963	191 627
Subscriptions/fees	10 541	13 293	1 115 982	2 454 261
Amount paid – current year	(10 541)	(12 988)	(1 022 217)	(2 244 501)
Amount paid – previous years	-	(106)	(87 963)	(191 627)
Balance unpaid (included in payables)	-	305	93 765	209 760
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

2015 R'000	2014 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	52 232	64 228
Information technology upgrade	59 850	57 078
Upgrading of electricity services	30 263	38 657
Extension of contract period/sums	426 058	13 637
Upgrading of road infrastructure	45 031	260 216
Supply and delivery of plant and equipment	66 313	43 670
Other	62 972	91 239
Deviations less than R200 000	307 920	300 442
Total amount approved by the Accounting Officer and noted by Council	1 050 639	869 167

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 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.

		2015
		R'000
Connected persons	Position held in state	
Adams, J	Administrative Officer	92
Agulhas, M	Artisan	363
Arnold, JT	Superintendent	29
August, K	Operational Supervisor: Driver	28
Barnard, M	Deputy Director: Health Department	3 144
Basholo, Z	Manager: Water and Demand	442
Bowers, ER	Social Worker: Department of Health	6
Buitendag, G	Principal Professional Officer	134
Cedras, A	Senior Superintendent	1 433
Christopher, P	Operations Manager: Corporate	578
Cilliers, JP	Special Advisor to the Premier	76
Danie, S	Project Administrator	387
Dauids, F	Clerk	119
Dauids, J	Department of Health	697
Dauids, M	Operational Supervisor: Driver	172
Dolf, N	Clerk	131
Du Toit, J	SCM: Assistant Buyer	597
Ebrahim, Y	Head: District 5	1 412
Els, A	South African Police Services	73
Gordon, C	Clerk	568
Gurgess, D	Senior Clerk	1 013
Hattingh, PM	SCM: Administrative Officer	2 371
Hector, C	National Health Research Board (NHRB)	2 211
Henderson, C	Teacher	85
Hendricks, F	Administrative Officer	31
Ishmail, E	Manager: Valuation Data and Systems	3 030
Jacobs, E	Senior Clerk	10 808
Jemane, J	Professional Officer	14
Jones, B	Superintendent: Community Services	2
Komani, A	Foreman	5
Lategan, J	Clerk	337
Le Vack, S	Professional Nurse	273
Leukes, P	Spokesperson to the Executive Mayor	281
Maroof, M	Professional Officer	1 100
Martin, M	Department of Health	24
Mbhalo, N	Clerk	403
Melnick, R	Project Administrator	47
Merile, SS	Operator: Small Plant	743
Meyer, G	Manager: Support	62 073
Modack, K	Senior Project Administrator	109
Monk, FJ	Sub-council Manager	4 213
Mshweshwe, MC	Statutory Compliance Specialist	635
Mtini, V	Worker	36 100
Mzwanbile, N	SA Ambassador	12
Nel, GA	SITA	55
Niehaus, H	Senior Manager: Department of Health	22

		2015
		R'000
Connected persons	Position held in state	
Ntlati, B	Clerk	340
Paul, B	Department of Cultural Affairs and Sport (DCAS)	76
Phosa, P	Parliament	199 388
Poole, N	Senior Clerk	24
Porsche, S	Forensics	31
Rall, A	Hospital Manager	327
Rhodes, M	Department of Education	486
Ritter, T	Senior Clerk	7
Scheepers, C	Councillor	12
Scholtz, LM	Secretary	473
Siebritz, W	Fire Fighter	38
Southgate, K	Councillor	1 097
AURECON awards	Family members as per schedule *	56 863
Steyn, D	Head: Supplier Management	129
Steyn, T	Senior Professional Officer	234
Unathi, P	Assistant Professional Officer	61
Van Der Heever, V	Teacher	1 407
Van der Vendt, C	Senior Worker	560
Visagie, L	Teacher	141
Votersen, MF	Head: Finance Parks	2 969
Wasserfall, B	Senior Forensics Officer	1 944
Willemse, S	Administrative Officer	1 396
Wyngaard, R	SCM: Administrative Officer - Tenders	866
Total		405 347

*Names of family members

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

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
	R'000	R'000	R'000	R'000	R'000
Financial assets					
2015					
Investments	1 863 861	3 277 337	358 766	5 499 964	5 497 042
Long-term receivables	95 162	-	-	95 162	95 162
Receivables	4 618 497	-	-	4 618 497	4 618 497
Other receivables	651 091	-	-	651 091	651 091
Cash and cash equivalents	1 985 114	1 214 034	-	3 199 148	3 195 436
	9 213 725	4 491 371	358 766	14 063 862	14 057 228
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	414 531	-	-	414 531	414 531
Cash and cash equivalents	928 974	1 337 585	-	2 266 559	2 266 559
	7 478 757	5 314 123	188 768	12 981 648	13 028 734

The 'other receivables' 2014 comparative amount of R414,53 million has been restated from R417,30 million (see note 44.1).

	Amortised cost	Total carrying amount	Fair value
	R'000	R'000	R'000
Financial liabilities			
2015			
Borrowings	6 761 181	6 761 181	7 113 302
Payables	4 152 612	4 152 612	4 152 612
	10 913 793	10 913 793	11 265 914
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

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				
2015				
Investments	2 832 054	445 283	-	3 277 337
Cash and cash equivalents	-	1 214 034	-	1 214 034
	2 832 054	1 659 317	-	4 491 371
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

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 95,64% (2014: 96,35%) 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 Division of Revenue Act (DoRA).

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

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
2015				
Liabilities				
Borrowings	1 072 109	3 595 000	7 940 719	12 607 828
Capital repayments	345 682	983 587	5 431 912	6 761 181
Interest	726 427	2 611 413	2 508 807	5 846 647
Payables	4 152 612	-	-	4 152 612
Payables	3 414 989	-	-	3 414 989
Sundry creditors	737 623	-	-	737 623
	5 224 721	3 595 000	7 940 719	16 760 440

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 as follows:

	2015	2014
	R'000	R'000
Investments	5 141 198	5 678 179
Long-term receivable – see note 6	95 162	123 962
Receivables and other receivables – see note 8 and 9	5 269 588	4 724 180
Cash and cash equivalents – see note 10	3 199 148	2 266 559
Total	13 705 096	12 792 880

The 'receivables and other receivables' 2014 comparative amount of R4,72 billion has been restated from R4,73 billion (see note 44.1).

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% (2014: 1,00%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after 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 2015 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	6,290	2 960 382	1 560 607	1 834 243	6 355 232
Cash and cash equivalents	5,842	1 985 114	-	-	1 985 114
Total financial assets		4 945 496	1 560 607	1 834 243	8 340 346
Financial liabilities					
Borrowings	9,835	345 682	983 587	5 431 912	6 761 181
Total financial liabilities		345 682	983 587	5 431 912	6 761 181

Interest rate sensitivity analysis**Financial assets**

As at 30 June 2015, 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 R95,14 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 2015, 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 Correction of error**

A review of the stock issue data revealed that an error was made by way of not allocating VAT correctly when issuing stock between directorates. The correction of error is a non-cash item.

44.2 Reclassification

Reclassification between cash generated from operations and finance costs was made as indicated below.

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

		As previously reported	Correction of error	Reclassifi- cation	Restated
		R'000	R'000		R'000
2014	Note				
Statement of financial position					
Other receivables	9	417 304	(2 769)	-	414 535
Accumulated surplus	20	21 896 756	(2 769)	-	21 893 987
Statement of financial performance					
General expenses	35	3 688 252	2 769	-	3 691 021
Total expenditure		26 531 448	2 769	-	26 534 217
Surplus for the year		1 659 476	(2 769)	-	1 656 707
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		26 515 253	-	(41 910)	26 473 343
Cash generated from operations	36	4 577 749	-	(41 910)	4 535 839
Finance costs		(791 549)	-	41 910	(749 639)
Net cash from operating activities		4 515 574	-	-	4 515 574

	As previously reported	Correction of error	Reclassification	Restated
	R'000	R'000		R'000
Cash generated from operations				
Surplus for the year	1 659 476	(2 769)	-	1 656 707
Adjustment for:	3 405 340	-	(41 910)	3 363 430
Fair value adjustment – concessionary loan	41 910	-	(41 910)	-
Finance costs:				
Cash transactions	791 549	-	(41 910)	749 639
Non-cash transactions	15 734	-	41 910	57 644
Increase in other receivables	(968 111)	2 769	-	(965 342)
Cash generated from operations	4 577 749	-	(41 910)	4 535 839

Note

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44.3 Changes in accounting estimates

The annual review of the useful lives of assets resulted in a decrease of R53,54 million (2014: R158,04 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.

During the 2015 financial year SARS conducted an audit of the Transport of Cape Town directorate and found that a portion of VAT previously paid could be claimed back. An adjustment of R51,24 million was passed on the acquisitions cost of the PPE based on the amount received from SARS.

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 R874,92 million (2014: R804,83 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 last actuarial valuation of the fund was performed at 30 June 2013 where the fund was certified by the actuary as being in a sound financial condition. Since the previous valuation date 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 2014, 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. The last actuarial valuation of the fund was performed at 30 June 2013. 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 last actuarial valuation of the fund was performed at 30 June 2012 when the fund was certified by the actuary as being technically not financially sound with a funding level of 99,5%. A statutory valuation will be performed on the 30 June 2015 audited financial statements, once it becomes available.

National Fund for Municipal Workers (multi-employer fund)

The retirement and pension funds are both DC schemes. According to the actuary's certification, the assets of the fund are sufficient to cover its liabilities. As at 30 June 2014, the valuation disclosed a funding level fluctuating around 100% due to timing differences, a slight mismatch of assets and liabilities, and processing errors.

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

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2014 when the fund was certified as being in a financially sound position.

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

	2015 R'million	2014 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	-	-

	2015 %	2014 %
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 2015 constituted 8 976 (2014: 9 822) in-service members and 6 678 (2014: 6 525) 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 2015 has been discounted at a rate determined on the basis of the yield curve (2014: 9,30%) 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 2015 was 23 (2014: 37) in-service employees and 94 (2014: 103) 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 2015 has been discounted at the yield curve (2014: 8,60%) per annum rate determined on the basis of the market yields on government bonds.

Post-retirement scheme defined-benefit obligations

	2015			2014		
	Health care benefits R'000	Retirement pension benefits R'000	Total R'000	Health care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	5 053 986	24 799	5 078 785	5 211 674	33 306	5 244 980
Net liability in statement of financial position	5 053 986	24 799	5 078 785	5 211 674	33 306	5 244 980
Interest costs	492 890	2 877	495 767	358 004	5 235	363 239
Service costs	123 343	800	124 143	97 345	2 021	99 366
Actuarial (gains)/losses recognised	(602 779)	(10 793)	(613 572)	1 027 156	(29 518)	997 638
Total included in statement of financial performance	13 454	(7 116)	6 338	1 482 505	(22 262)	1 460 243
Balance at the beginning of the year	5 211 674	33 306	5 244 980	3 882 906	56 774	3 939 680
Net expense recognised in statement of financial performance	13 454	(7 116)	6 338	1 482 505	(22 262)	1 460 243
Contributions paid	(171 142)	(1 391)	(172 533)	(153 737)	(1 206)	(154 943)
Net liability in statement of financial position	5 053 986	24 799	5 078 785	5 211 674	33 306	5 244 980

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	Liability	Service cost	Interest cost
		R'000	R'000	R'000
Assumptions used		5 053 986	93 689	458 651
Health-care inflation	-1% decrease	4 411 460	77 157	399 070
	+1% increase	5 838 031	114 583	531 390
Post-retirement mortality	-20% increase	5 574 745	104 108	506 805
	+20% decrease	4 641 959	85 331	420 546



	2015		2014	
	Health-care benefits	Retirement pension benefits	Health-care benefits	Retirement pension benefits
	%	%	%	%
Key financial assumptions				
Discount rate	Yield curve	Yield curve	9,30	8,60
General inflation rate	Difference between nominal and yield curves	Difference between real and yield curve	6,00	6,00
General salary inflation rate	-	CPI + 2%	-	8,00
Health-care cost inflation rate	CPI + 1%	-	7,50	-
Net effective discount rate	Yield curve based	Curve dependent	1,67	-

46. CONTINGENT LIABILITIES

46.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, and a provisional estimate based on management assessment is R104,16 million (2014: R259,81 million).

46.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R75,89 million (2014: R98,77 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.

CTICC (Pty) Ltd (Convenco)

The Convention Centre was established for Cape Town to become host to international conferences, with the objectives of promoting Cape Town as a tourism city. At year end, the amount owing by Convenco to the City of Cape Town amounted to R1,30 million (2014: R1,29 million).

	2015	2014
	R'000	R'000
Percentage owned	69,9%	62,79%
Arm's-length transactions for the year		
Receivables	1 303	1 294
Payables	22 747	-
Service charges	19 315	18 111

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.

	Special rating area's	
Percentage owned		
Arm's-length transactions for the year		
Receivables	2	-
Service charges	27	14
Levies	130 146	114 884

2015	2014
R'000	R'000

CMTF

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year end, the amount owing by the City to CMTF amounted to R18,51 million (2014: R27,38 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	
18 513	27 381
14 405	24 317
1 328	2 282
4 387	4 958

Executive management

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

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

47.2 Remuneration of management**47.2.1 Mayoral Committee members****2015**

	Annual salary	Car allowance	Social contribution	Total
	R'000	R'000	R'000	R'000
Executive Mayor				
Alderman De Lille, P	1 179	40	-	1 219
Executive Deputy Mayor/Finance				
Alderman Neilson, ID	891	-	102	993
Safety and Security Services				
Alderman Smith, JP	812	24	77	913
Corporate Services				
Councillor Limberg, X	913	-	-	913
Energy, Environmental and Spatial Planning *				
Councillor Van der Merwe, J	816	-	96	912
Social Development and Early Childhood Development				
Councillor Little, S	913	-	-	913
Health				
Councillor Van Minnen, B (until 23/01/2015)	512	-	-	512
Councillor Mamkeli, S (from 24/01/2015)	400	-	-	400
Community Services and Special Projects				
Alderman Walker, B	817	-	96	913
Transport for Cape Town				
Councillor Herron, BN	913	-	-	913
Tourism, Events and Economic Development **				
Councillor Bloor, G	913	-	-	913
Utility Services				
Councillor Sonnenberg, EJ	817	-	96	913
Human Settlements ***				
Councillor Mamkeli, S (until 23/01/2015)	512	-	-	512
Councillor Van Minnen, B (from 24/01/2015)	400	-	-	400
	10 808	64	467	11 339

Previously known as:

*Economic, Environment and Spatial Planning

**Tourism, Events and Marketing

***Housing

2014

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

47.2.2 Councillors/Mayoral Committee members**2015**

	Annual salary	Car allowance	Social contribution	Total
	R'000	R'000	R'000	R'000
Mayoral committee members	10 808	64	467	11 339
Councillors	104 948	120	4 225	109 293
	115 756	184	4 692	120 632

2014

Mayoral committee members	10 002	100	488	10 590
Councillors	98 891	20	4 094	103 005
	108 893	120	4 582	113 595

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 R120,63 million for the period under review. The average remuneration per councillor is R0,546 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

	Annual salary	Car allowance	Social contribution	Relocation allowance	Travel and subsistence	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2015						
City Manager						
Ebrahim, A	2 240	-	308	-	10	2 558
Community Services						
Mtwazi, L	1 469	-	221	-	84	1 774
Corporate Services						
Mayimele-Hashatse, F (until 09/01/2015)	1 197	-	1	-	-	1 198
Ras, DG (acting from 14/01/2015) *	-	-	-	-	-	-
Energy, Environment and Spatial Planning **						
Hugo, J	1 743	-	45	-	3	1 791
Finance						
Jacoby, K	1 486	-	221	-	82	1 789
Health						
Mahlangu-Mathibela, W	1 503	-	191	-	66	1 760
Human Settlements ***						
Maqetuka, S	1 314	-	172	-	1	1 487
Bromfield, IK (acting from 14/01/2015)	688	-	113	-	62	863
Compliance and Auxiliary Services						
Ras, DG	1 760	-	2	-	-	1 762
Safety and Security						
Bosman, R	1 483	-	206	-	95	1 784
Social Development and Early Childhood Development						
Bromfield, IK (until 14/01/2015)	807	-	133	-	72	1 012
Sass, E (acting from 14/01/2015)	593	-	79	-	-	672
Tourism, Events and Economic Development ****						
Groenewald, A	1 772	-	2	-	9	1 783
Transport for Cape Town						
Whitehead, M	1 779	-	2	-	9	1 790
Utility Services						
Kaiser, G	1 636	-	32	-	108	1 776
	21 470	-	1 728	-	601	23 799

*Ras, DG acted with no compensation.

Previously known as:

**Economic, Environment and Spatial Planning

***Housing

****Tourism, Events and Marketing

Analysis of remuneration benefits

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

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 2015

	Contractual interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2014 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 2015 R'000
MARKETABLE BONDS								
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 marketable bonds				4 275 489	-	-	-	4 275 489
CONCESSIONARY LOANS								
Nedcor Bank	1,000	830000920	2019	22	-	3	-	25
DBSA	5,000	830012028	2020	21 200	-	771	(4 000)	17 971
Agence Française de Développement (AFD)	5,763	830018500	2028	484 203	(676)	9 983	(40 000)	453 510
Agence Française de Développement (AFD)	5,730	830018516	2028	483 293	(672)	10 083	(40 000)	452 704
Agence Française de Développement (AFD)	5,755	830018530	2028	484 142	(675)	10 020	(40 000)	453 487
Agence Française de Développement (AFD)	5,800	830018523	2028	472 652	(662)	9 611	(38 961)	442 640
Total concessionary loans				1 945 512	(2 685)	40 471	(162 961)	1 820 337
OTHER LOANS								
DBSA	12,250	83001051	2015	25 977	-	-	(25 977)	-
FirstRand Bank	12,631	830003504	2017	158 723	-	-	(10 998)	147 725
ABSA Bank	10,900	830007011	2018	80 000	-	-	(20 000)	60 000
DBSA	10,590	83001050	2018	135 665	-	-	(33 916)	101 749
FirstRand Bank	12,046	830009531	2018	130 432	(1 217)	-	(20 000)	109 215
DBSA	9,420	830012035	2020	56 000	-	-	(9 334)	46 666
DBSA	9,639	830013000	2022	113 333	-	-	(13 333)	100 000
DBSA	10,565	830013507	2022	113 333	-	-	(13 333)	100 000
Total other loans				813 463	(1 217)	-	(146 891)	665 355
TOTAL EXTERNAL LOANS				7 034 464	(3 902)	40 471	(309 852)	6 761 181



Appendix B: Analysis of property, plant and equipment and other as at 30 June 2015

	COST					ACCUMULATED DEPRECIATION						Carrying value R'000	
	Opening balance	Transfers/adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/adjustments	Impairments	Additions	Disposals		Closing balance
	R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Land and buildings													
Land	1 052 312	1 149	28 140	(9 931)	-	1 071 670	(325 488)	-	-	-	-	(325 488)	746 182
Buildings and land	1 773 325	68 742	17 883	-	-	1 859 950	(502 550)	285	-	(36 020)	-	(538 285)	1 321 665
	2 825 637	69 891	46 023	(9 931)	-	2 931 620	(828 038)	285	-	(36 020)	-	(863 773)	2 067 847
Infrastructure													
Assets under construction	1 436 376	(939 165)	1 900 999	-	-	2 398 210	-	-	-	-	-	-	2 398 210
Telecommunications	39 123	13 006	133 445	-	-	185 574	(241)	7	-	(3 158)	-	(3 392)	182 182
Drains	852 344	84 462	21 403	-	-	958 209	(306 631)	-	-	(31 452)	-	(338 083)	620 126
Roads	8 603 000	225 702	471 417	-	-	9 300 119	(2 335 671)	2 578	-	(313 756)	-	(2 646 849)	6 653 270
Beach improvements	41 179	400	159	-	-	41 738	(21 981)	(1)	-	(888)	-	(22 870)	18 868
Sewerage mains and purification	3 101 350	119 911	128 034	-	-	3 349 295	(1 005 008)	1	-	(161 723)	-	(1 166 730)	2 182 565
Electricity peak load equipment and mains	7 114 217	203 358	231 498	-	-	7 549 073	(2 394 212)	-	-	(150 657)	-	(2 544 869)	5 004 204
Water mains and purification	2 851 314	99 700	233 465	-	-	3 184 479	(1 300 368)	(1)	-	(118 414)	-	(1 418 783)	1 765 696
Reservoirs - water	489 485	19 124	19 458	-	-	528 067	(334 326)	-	-	(15 784)	-	(350 110)	177 957
	24 528 388	(173 502)	3 139 878	-	-	27 494 764	(7 698 438)	2 584	-	(795 832)	-	(8 491 686)	19 003 078
Community assets													
Assets under construction	97 413	(57 384)	72 582	-	-	112 611	-	-	-	-	-	-	112 611
Parks and gardens	239 487	8 093	28 002	-	-	275 582	(28 908)	-	-	(8 726)	-	(37 634)	237 948
Libraries	206 706	1 129	10 217	-	-	218 052	(67 677)	-	-	(3 466)	-	(71 143)	146 909
Recreation facilities	5 455 425	36 526	47 121	-	-	5 539 072	(1 186 676)	-	-	(215 610)	-	(1 402 286)	4 136 786
Civic buildings	2 356 279	68 540	127 612	-	-	2 552 431	(792 797)	(79)	(291)	(84 638)	-	(877 805)	1 674 626
	8 355 310	56 904	285 534	-	-	8 697 748	(2 076 058)	(79)	(291)	(312 440)	-	(2 388 868)	6 308 880
Other assets													
Assets under construction	300 072	(115 037)	327 746	-	-	512 781	-	-	-	-	-	-	512 781
Buildings and land	415 295	(414 389)	-	-	-	906	(314)	-	-	(296)	-	(610)	296
Landfill sites	802 945	1 502	6 586	-	-	811 033	(445 308)	(218)	-	(42 891)	-	(488 417)	322 616
Furniture, fittings and equipment	815 260	9 249	75 572	-	(7 041)	893 040	(446 663)	(102)	-	(91 552)	6 118	(532 199)	360 841
Bins and containers	54 611	358	8 774	-	(2)	63 741	(40 220)	-	-	(4 776)	2	(44 994)	18 747
Emergency equipment	39 293	498	3 172	-	(570)	42 393	(35 001)	(1)	-	(1 933)	569	(36 366)	6 027
Motor vehicles and watercraft	1 500 926	36 544	178 422	-	(26 626)	1 689 266	(1 001 795)	(3 101)	(6 194)	(108 770)	23 482	(1 096 378)	592 888
Specialised vehicles	1 133 949	(15 053)	123 718	-	(22 406)	1 220 208	(477 059)	3 124	-	(67 103)	21 778	(519 260)	700 948
Computer equipment	1 675 365	35 532	198 226	-	(21 308)	1 887 815	(1 111 192)	36	-	(180 207)	20 594	(1 270 769)	617 046
Animals	586	-	25	-	(59)	552	(220)	-	-	(79)	16	(283)	269
	6 738 302	(460 796)	922 241	-	(78 012)	7 121 735	(3 557 772)	(262)	(6 194)	(497 607)	72 559	(3 989 276)	3 132 459
Service concession assets													
Buses and depots	1 005 312	153 478	257 956	-	-	1 416 746	(126 900)	(2 586)	-	(93 282)	-	(222 768)	1 193 978
Housing rental stock	2 103 325	273 348	162 955	-	(4 562)	2 535 066	(730 210)	(1)	-	(71 313)	3 320	(798 204)	1 736 862
TOTAL PPE (See note 1)	45 556 274	(80 677)	4 814 587	(9 931)	(82 574)	50 197 679	(15 017 416)	(59)	(6 485)	(1 806 494)	75 879	(16 754 575)	33 443 104
Heritage assets (See note 2)	9 111	(38)	-	-	(11)	9 062	-	-	-	-	-	-	9 062
Investment properties (See note 3)	241 514	(1)	400 175	-	-	641 688	(50 665)	-	-	(1 641)	-	(52 306)	589 382
Intangible assets (See note 4)	1 105 059	29 467	41 933	-	-	1 176 459	(375 552)	59	-	(92 583)	-	(468 076)	708 383
TOTAL OTHER	1 355 684	29 428	442 108	-	(11)	1 827 209	(426 217)	59	-	(94 224)	-	(520 382)	1 306 827
GRAND TOTAL	46 911 958	(51 249)	5 256 695	(9 931)	(82 585)	52 024 888	(15 443 633)	-	(6 485)	(1 900 718)	75 879	(17 274 957)	34 749 931

¹ Includes the contributed assets amount of R4,95 million.



	Account numbers		2015	2014	2013
	2015	2014	R'000	R'000	R'000
Bank accounts held with ABSA					
Main bank account	40-5658-4470	40-5658-4470	108 447	174 987	146 726
Salary bank account	40-5658-4496	40-5658-4496	-	-	-
Cashier's bank account	40-5658-4527	40-5658-4527	-	-	-
General income bank account (primary)	40-5658-4569	40-5658-4569	-	-	-
Traffic fines bank account	40-7261-8663	40-7261-8663	-	-	-
IRT bank account	40-8089-5180	40-8089-5180	-	-	-
Amortised cost - see note 10			108 447	174 987	146 726
Bank accounts managed by Fund Managers					
City of Cape Town	5500125800	5500125800	380	690	21
City of Cape Town	5500125801	5500125801	2 047	1 394	1 163
City of Cape Town	5500125802	5500125802	399	549	-
City of Cape Town	5500125803	5500125803	390	1 087	4 889
City of Cape Town	5500125804	5500125804	1 466	1 547	-
City of Cape Town	5500125805	5500125805	260	429	-
City of Cape Town	5500125806	5500125806	1 618	1 888	1 184
City of Cape Town	5500125807	5500125807	546	568	3 174
City of Cape Town	5500125808	5500125808	710	168	345
City of Cape Town	5500125809	5500125809	129	105	862
Fair value - see note 10			7 945	8 425	11 638
			116 392	183 412	158 364

Appendix D: Segmental statement of financial performance for the year ended 30 June 2015

2014		
Actual income	Actual expenditure	Surplus/(Deficit)
R'000	R'000	R'000
	Restated ¹	Restated ¹
16 041 640	15 599 024	442 616
432 299	936 192	(503 893)
128	12 725	(12 597)
162 449	1 904 820	(1 742 371)
24 609	127 107	(102 498)
66 736	284 757	(218 021)
108 334	647 163	(538 829)
1 959 700	1 342 031	617 669
9 745 393	3 240 969	6 504 424
839 661	2 439 023	(1 599 362)
128	158 366	(158 238)
64 931	626 671	(561 740)
1 415 099	2 590 514	(1 175 415)
1 222 173	1 288 686	(66 513)
18 197 523	16 983 432	1 214 091
2 371 628	2 127 022	244 606
2 234 857	2 249 155	(14 298)
3 350 919	3 208 213	142 706
10 240 119	9 399 042	841 077
34 239 163	32 582 456	1 656 707
6 048 239	6 048 239	-
28 190 924	26 534 217	1 656 707

Business Unit**Rates and General**

City Health	(537 280)
City Manager	(59 906)
Community Services	(1 847 156)
Compliance and Auxiliary	(31 494)
Corporate Services	(182 149)
Energy, Environmental and Spatial Planning	(522 649)
Finance	1 084 516
Rates and Other	8 504 857
Safety and Security Services	(1 679 589)
Social Development and Early Childhood Development	(192 426)
Tourism, Events and Economic Development	(659 031)
Transport for Cape Town	(1 143 755)
Human settlements	220 951

Utility Services

Solid Waste Management	325 329
Sanitation	(13 710)
Water	247 976
Cape Town Electricity	823 616

Subtotal	4 338 100
Interdepartmental charges	-

Total

2015		
Actual income	Actual expenditure	Surplus/(Deficit)
R'000	R'000	R'000
18 562 002	15 607 113	2 954 889
496 436	1 033 716	(537 280)
1 542	61 448	(59 906)
185 385	2 032 541	(1 847 156)
10 684	42 178	(31 494)
64 195	246 344	(182 149)
144 110	666 759	(522 649)
2 362 250	1 277 734	1 084 516
10 715 195	2 210 338	8 504 857
1 127 085	2 806 674	(1 679 589)
14 334	206 760	(192 426)
28 809	687 840	(659 031)
1 696 535	2 840 290	(1 143 755)
1 715 442	1 494 491	220 951
19 848 844	18 465 633	1 383 211
2 559 602	2 234 273	325 329
2 435 590	2 449 300	(13 710)
3 872 587	3 624 611	247 976
10 981 065	10 157 449	823 616
38 410 846	34 072 746	4 338 100
6 675 808	6 675 808	-
31 735 038	27 396 938	4 338 100

¹ Comparative restated: see note 44 for more details.

Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2015

National and Provincial grant funds 2014/2015									
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
		R'000	R'000		R'000	Operating			
				R'000	R'000	R'000	R'000	R'000	R'000
National Government									
2014 African Nations Championship	Sport and Recreation	(8 852)	-	8 876	(26)	-	-	-	(2)
Accreditation: Development Support	State Housing	(944)	-	-	23	179	-	-	(742)
Budget Reform Funds	National Treasury	(338)	(1 250)	17	973	598	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(45)	(220)	-	-	265	-	-	-
DME - INEP	Energy	(17 224)	(5 000)	-	22 224	-	-	-	-
Energy Efficiency Electricity Demand Side Management	National Treasury	(6 589)	-	1	599	5 989	-	-	-
Expanded Public Works Incentive Grant	National Treasury	(2 806)	(21 204)	-	23 552	400	-	-	(58)
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Human Settlements Capacity Grant	State Housing	-	(50 371)	-	18 363	428	-	-	(31 580)
Infrastructure Skills Development	National Treasury	(901)	(2 300)	-	2 763	299	-	-	(1 339)
Integrated City Development Grant	National Treasury	(9 500)	(57 171)	5 564	3 116	53 517	-	-	(4 474)
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	(2 172)	-	191	-	1 366	-	-	(615)
Natural Resource Management	Environmental Affairs	(145)	-	-	145	-	-	-	-
Neighborhood Development Programme	National Treasury	(17 884)	(30 784)	19 076	-	9 448	-	-	(20 144)
Public Transport Infrastructure Systems Grant	Transport	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant	Transport	(291 730)	(1 069 140)	30 584	79 844	842 210	-	-	(408 232)
Public Transport Network Operations Grant	Transport	(135 419)	(307 548)	10 454	367 748	-	-	-	(64 765)
Restructuring Grant - Seed Funding	National Treasury	(4 831)	-	13	-	1 341	-	-	(3 477)
Special Projects	Environmental Affairs	-	(2 982)	-	2 982	-	-	-	-
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(1 199)	-	1 199	-	-	-	-
Tirelo Boshia Programme	Public Service and Administration	-	(200)	-	-	-	-	-	(200)
Urban Renewal	National Treasury	(12 107)	-	-	6 294	1 695	-	-	(4 118)
Urban Settlement Development Grant	National Treasury	(286 547)	(1 358 879)	72 031	162 977	1 246 923	-	-	(163 495)
Water Demand Side	Water	(697)	-	-	697	-	-	-	-
Total Dora allocation		(799 281)	(2 908 248)	146 807	693 473	2 164 658	-	-	(702 591)
2010 FIFA World Cup: Green Point: Interest account		(530)	-	35	-	249	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(35)	-	-	-	-	(33)	-	(68)
Natural Resource Management: Interest account		(176)	-	-	184	-	(15)	-	(7)
Neighborhood Development Programme: Interest account		(8 802)	-	-	-	-	(1 380)	-	(10 182)
Public Transport Infrastructure Systems Grant: Interest account		(218 046)	-	50 134	7 725	(48 135)	(12 753)	-	(221 075)
Public Transport Infrastructure Grant: Interest account		(13 677)	-	-	-	-	(32 104)	-	(45 781)
Public Transport Network Operations Grant: Interest account		(5 516)	-	-	-	-	(10 486)	-	(16 002)



Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2015

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			
Smart Living Handbook: Interest account		(77)	-	-	-	-	(5)	-	(82)
Special Projects		-	-	-	-	-	(23)	-	(23)
Terrestrial Invasive Alien Plants: Interest account		-	-	-	-	-	(12)	-	(12)
Total interest earned		(246 859)	-	50 169	7 909	(47 886)	(56 811)	-	(293 478)
Total National Government transfers and grants		(1 046 140)	(2 908 248)	196 976	701 382	2 116 772	(56 811)	-	(996 069)
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(35 381)	-	30 019	3 989	-	(1 364)	-	(2 737)
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	(197)	-	-	-	-	197	-	-
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Belhar Social Housing 629 Units	Human Settlements	-	-	(28 254)	28 254	-	-	-	-
Bokmakierie / Hazendal Infill 3	Human Settlements	(476)	-	-	4	-	-	-	(472)
Broadband	Department of the Premier	(221)	(10 700)	-	-	6 417	-	-	(4 504)
Browns Farm Phase 3,4,5,6	Human Settlements	(11 537)	-	-	1 097	-	-	(217)	(10 657)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(4 753)	-	-	-	-	(285)	-	(5 038)
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(28)	-	-	-	-	(2)	-	(30)
Chris Hanani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Community Residential Units	Human Settlements	(114 763)	-	(293 200)	43 232	246 461	-	(51 845)	(170 115)
Delft South High Density Housing	Human Settlements	(104)	(104)	104	-	-	-	-	(104)
Delft Sportfield Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(3 289)	-	-	602	-	-	-	(2 687)
Dial-a-Ride	Transport and Public Works	-	-	-	-	-	-	-	-
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	7 555	28 676	-	-	(36 231)	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	(299)
E Business Project	Treasury	(2 004)	-	710	-	-	1 294	-	-
Echo Road Housing Project	Human Settlements	(4)	(4)	4	-	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 758)	-	-	-	-	(165)	-	(2 923)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(148)	-	(23 456)	19 725	-	-	(5 968)	(9 847)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	(44)	44	-	-	-	-	(44)
Enkanini Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)



Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2015

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			
Establishment Grants	Human Settlements	(2 020)	(124)	(1 020)	1 218	-	(116)	-	(2 062)
Facilitation Grants	Human Settlements	(616)	-	(271)	275	-	(38)	-	(650)
False Bay Ecology	Economic Development and Tourism	(876)	-	-	-	850	(20)	-	(46)
Finance Management Support Grant	Treasury	-	(300)	-	300	-	(3)	-	(3)
Fire Detection Surveillance Cameras	Human Settlements	(75)	-	-	-	75	(4)	-	(4)
Gabriel Square Restitution	Human Settlements	(37)	(37)	37	-	-	-	-	(37)
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	-	-	(12 348)	-	-	-	-	(12 348)
Global Fund	Health	(2 805)	-	-	-	-	(168)	-	(2 973)
Global Fund Anti Retroviral	Health	-	(37 578)	3 335	33 883	-	-	-	(360)
Global Fund Community Base Response Project	Health	-	(4 278)	943	4 053	-	-	(718)	-
Government Grant Community Development Workers	Human Settlements	(641)	(1 032)	-	741	300	(52)	-	(684)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(49)	-	22	-	-	27	-	-
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	(85)	-	-	-	-	-	-	(85)
Happy Valley - Phase 2 Top Structures	Human Settlements	-	-	(2 710)	-	-	-	-	(2 710)
HCE Manuals (Housing Consumer Education)	Human Settlements	(175)	-	-	66	-	(10)	-	(119)
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-
HIV/AIDS Community Based Response Projects	Health	-	(106 167)	4 456	109 584	-	-	(7 873)	-
Hostels Phase 2 Housing	Human Settlements	(996)	-	-	-	-	-	-	(996)
Housing Settlements Development Grant	Human Settlements	-	(700 823)	724 567	1 924	-	-	(25 668)	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(1 652)	-	66	576	-	-	-	(1 010)
Interactive Community Access Network	Economic Development and Tourism	(2 378)	(500)	-	500	2 296	(122)	-	(204)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	(18 333)	13 442	-	-	-	(4 891)
Kewtown Infill Development	Human Settlements	(190)	-	-	-	-	-	-	(190)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(20)	-	-	-	-	20	-	-
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(922)	-	-	-	-	922	-	-
Khayelitsha Site C Subsidies	Human Settlements	(3 860)	-	-	138	-	(228)	-	(3 950)
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	-	-	(2 902)	1 594	-	-	-	(1 308)



Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2015

Description	Source	Balance unspent at beginning of the year ¹ R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating	Capital			
					R'000	R'000			
Kuyasa T3V 1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(105)	-	105	-	-	-	-	-
Law Enforcement Officers	Community Safety	(463)	(19 384)	-	19 384	-	-	-	(463)
Law Enforcement Officers	Human Settlements	-	(2 500)	-	2 500	-	(46)	-	(46)
Local Government Compliance	Local Government	-	(293)	-	467	-	-	(174)	-
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	1	-	-
Macassar Treatment Works	Human Settlements	(5 500)	-	-	-	-	-	-	(5 500)
Major Upgrading - Rental Units	Human Settlements	-	-	-	-	2 999	-	(2 999)	-
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)
Masiphumelele Tra	Human Settlements	(943)	-	-	-	-	(56)	-	(999)
Masiphumelele A makhaya Ngoku	Human Settlements	(14 443)	-	-	-	-	(866)	-	(15 309)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Land Transport Fund	Transport and Public Works	(11 957)	(21 400)	-	17 624	9 890	(1 110)	-	(6 953)
Metropolitan Transport Fund	Transport and Public Works	-	-	(14 406)	12 514	1 892	-	-	-
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	(767)	-	-	-	-	767	-	-
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morgan Vil3/Western Cape	Human Settlements	(1 101)	-	-	-	-	(66)	-	(1 167)
Netreg Housing Project	Human Settlements	(350)	(350)	350	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(164)	-	-	-	-	-	-	(164)
Nutrition Supplement Programme	Health	-	(4 504)	453	4 065	-	-	(14)	-
Pelican Park 2083 Top Structures	Human Settlements	-	-	(65 501)	80 018	-	-	(14 517)	-
Philippi East Top Structures	Human Settlements	-	-	(129)	-	-	-	-	(129)
Philippi East Phase 5	Human Settlements	(638)	-	-	-	-	-	-	(638)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix UISP	Human Settlements	(167)	(167)	167	-	-	-	-	(167)
Peoples Housing Project	Human Settlements	(86 851)	-	(126 825)	121 877	-	(5 265)	(3 063)	(100 127)
Phumlani Transfers	Human Settlements	(22)	-	-	-	-	-	-	(22)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(197)	-	-	-	-	(12)	-	(209)
Public Library Fund	Cultural Affairs and Sport	(2 524)	(40 000)	-	28 874	8 027	(910)	-	(6 533)
Redhill Informal Settlement	Human Settlements	(285)	-	-	-	-	(17)	-	(302)



Appendix E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2015

Description	Source	Balance unspent at beginning of the year ¹ R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating	Capital			
					R'000	R'000			
River Clean and Green Project	Environmental Affairs and Development Planning	(421)	-	-	-	-	421	-	-
Rondevlei Housing Project	Human Settlements	(123)	-	-	51	-	-	-	(72)
Scottsdene 350 Top Structures	Human Settlements	(680)	-	-	-	-	-	-	(680)
Scottsdene 550 Top Structures	Human Settlements	-	-	(5 463)	-	-	-	-	(5 463)
Scottsdene Social Housing Project	Human Settlements	-	-	(53 816)	65 853	-	-	(12 037)	-
Social Economic Facilities Programme	Human Settlements	(2 347)	-	(6 407)	-	4 495	-	-	(4 259)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	-	-	-	-	-	(1 142)
Sir Lowry's Pass Village Tra	Human Settlements	-	-	(4 701)	127	-	-	-	(4 574)
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	(8 303)	(25 813)	16 910	17 206	-	-	-	-
Temperance Town	Human Settlements	-	-	(55)	-	-	-	-	(55)
Three Anchor Bay Tennis Court	Cultural Affairs and Sport	-	(250)	-	-	139	(3)	-	(114)
Upgrade Bishop Lavis Sports Complex	Cultural Affairs and Sport	-	-	-	-	-	-	-	-
Upgrade Heinz Park Hall	Cultural Affairs and Sport	(124)	-	124	-	-	-	-	-
Urban Renewal: Improvement Stn	Environmental Affairs and Development Planning	(25)	-	25	-	-	-	-	-
Vaccines	Health	-	(68 422)	4 395	65 565	-	-	(1 538)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(286)	-	-	-	343	(5)	(52)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(224)	-	-	-	-	(13)	-	(237)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(13 261)	-	14	4	-	-	-	(13 243)
Watergate Phase A	Cultural Affairs and Sport	(179)	-	-	-	-	179	-	-
Witsand Housing Project Phase 1,2	Human Settlements	(184)	-	-	-	-	-	-	(184)
Total Provincial Government transfers and grants		(382 707)	(1 044 774)	137 487	730 002	284 184	(7 107)	(163 668)	(446 583)
Analysis of grants and subsidies									
Total National Government transfers and grants		(1 046 140)	(2 908 248)	196 976	701 382	2 116 772	(56 811)	-	(996 069)
Total Provincial Government transfers and grants		(382 707)	(1 044 774)	137 487	730 002	284 184	(7 107)	(163 668)	(446 583)
		(1 428 847)	(3 953 022)	334 463	1 431 384	2 400 956	(63 918)	(163 668)	(1 442 652)

¹ The balance unspent at beginning and end of the year excludes VAT.



Appendix F: Appropriation statement (Reconciliation: Budget and in-year performance) in terms of National Treasury (NT), MFMA circular no. 67 for the year ended 30 June 2015

	2014/2015										2013/2014				
	Original budget ¹	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final budget ¹	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Financial performance															
Property rates	5 942 513	21 766	5 964 279	-	-	5 964 279	6 018 735	-	-	101	101	-	-	-	-
Service charges	15 262 263	(77 622)	15 184 641	-	-	15 184 641	15 197 370	-	-	100	100	-	-	-	-
Investment revenue	275 762	-	275 762	-	-	275 762	543 356	-	-	197	197	-	-	-	-
Transfers recognised - operational	3 498 169	19 960	3 518 129	-	-	3 518 129	3 251 460	-	-	92	93	-	-	-	-
Other own revenue	3 392 277	733 526	4 125 803	-	-	4 125 803	4 238 955	-	-	103	125	-	-	-	-
Total revenue (excluding capital transfers and contributions)	28 370 984	697 630	29 068 614	-	-	29 068 614	29 249 876	-	-	101	103	-	-	-	-
Employee costs	8 940 483	(133 590)	8 806 893	-	1 245	8 808 138	8 124 734	-	-	92	91	-	-	-	-
Remuneration of councillors	133 619	-	133 619	-	-	133 619	128 411	-	-	96	96	-	-	-	-
Debt impairment	950 533	740 801	1 691 334	-	-	1 691 334	1 540 200	-	-	91	162	-	-	-	-
Depreciation & asset impairment	2 154 335	(139 494)	2 014 841	-	-	2 014 841	1 900 718	-	-	94	88	-	-	-	-
Finance charges	919 232	-	912 241	-	149	912 390	779 929	-	-	85	85	-	-	-	-
Materials and bulk purchases	7 437 128	2 368	7 439 496	-	(353 235)	7 086 261	7 108 843	-	-	100	96	-	-	-	-
Transfers and grants	125 354	14 455	139 809	-	5 901	145 710	136 487	-	-	94	109	-	-	-	-
Other expenditure	7 994 685	197 697	8 192 382	-	295 940	8 488 322	7 677 616	-	-	90	96	-	-	-	-
Total expenditure	28 655 369	682 237	29 330 615	-	(50 000)	29 280 615	27 396 938	-	-	94	96	-	-	-	-
Surplus/(deficit)	(284 385)	22 384	(262 001)	-	50 000	(212 001)	1 852 938	-	-	(874)	(652)	-	-	-	-
Transfers recognised - capital	2 817 627	311 032	3 128 659	-	(1)	3 128 658	2 423 179	-	-	77	86	-	-	-	-
Contributions recognised - capital and contributed assets	65 226	(13 216)	52 010	-	-	52 010	61 983	-	-	119	95	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	2 598 468	320 200	2 918 668	-	49 999	2 968 667	4 338 100	-	-	146	167	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	2 598 468	320 200	2 918 668	-	49 999	2 968 667	4 338 100	-	-	146	167	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	2 809 834	320 112	3 129 946	-	-	3 129 946	2 473 313	-	-	79	88	-	-	-	-
Public contributions and donations	73 019	(22 296)	50 723	-	-	50 723	44 219	-	-	87	61	-	-	-	-
Borrowing	2 350 301	(73 145)	2 277 156	-	-	2 277 156	2 152 377	-	-	95	92	-	-	-	-
Internally generated funds	978 161	(307 766)	670 395	-	-	670 395	581 833	-	-	87	59	-	-	-	-
Total sources of capital funds²	6 211 315	(83 095)	6 128 220	-	-	6 128 220	5 251 742	-	-	86	85	-	-	-	-
Cash flows															
Net cash from (used) operating	5 618 991	(321 080)	5 297 911	-	-	5 297 911	6 058 725	-	-	114	108	-	-	-	-
Net cash from (used) investing	(6 478 138)	(623 378)	(7 101 516)	-	-	(7 101 516)	(4 718 325)	-	-	66	73	-	-	-	-
Net cash from (used) financing	1 224 051	392	1 224 443	-	-	1 224 443	(407 811)	-	-	(33)	(33)	-	-	-	-
Cash/cash equivalents at the year end	364 904	(944 066)	(579 162)	-	-	(579 162)	932 589	-	-	(161)	-	-	-	-	-

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

² The actual capital outcome amount does not include the contributed assets amount of R4,95 million. See appendix B.

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
NACS	Nominal Annual Compounded Semi-annually
PAYE	pay-as-you-earn
PPE	property, plant and equipment
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	supply chain management
TASK	tuned assessment of skills and knowledge
UIF	Unemployment Insurance Fund
VAT	value-added tax



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