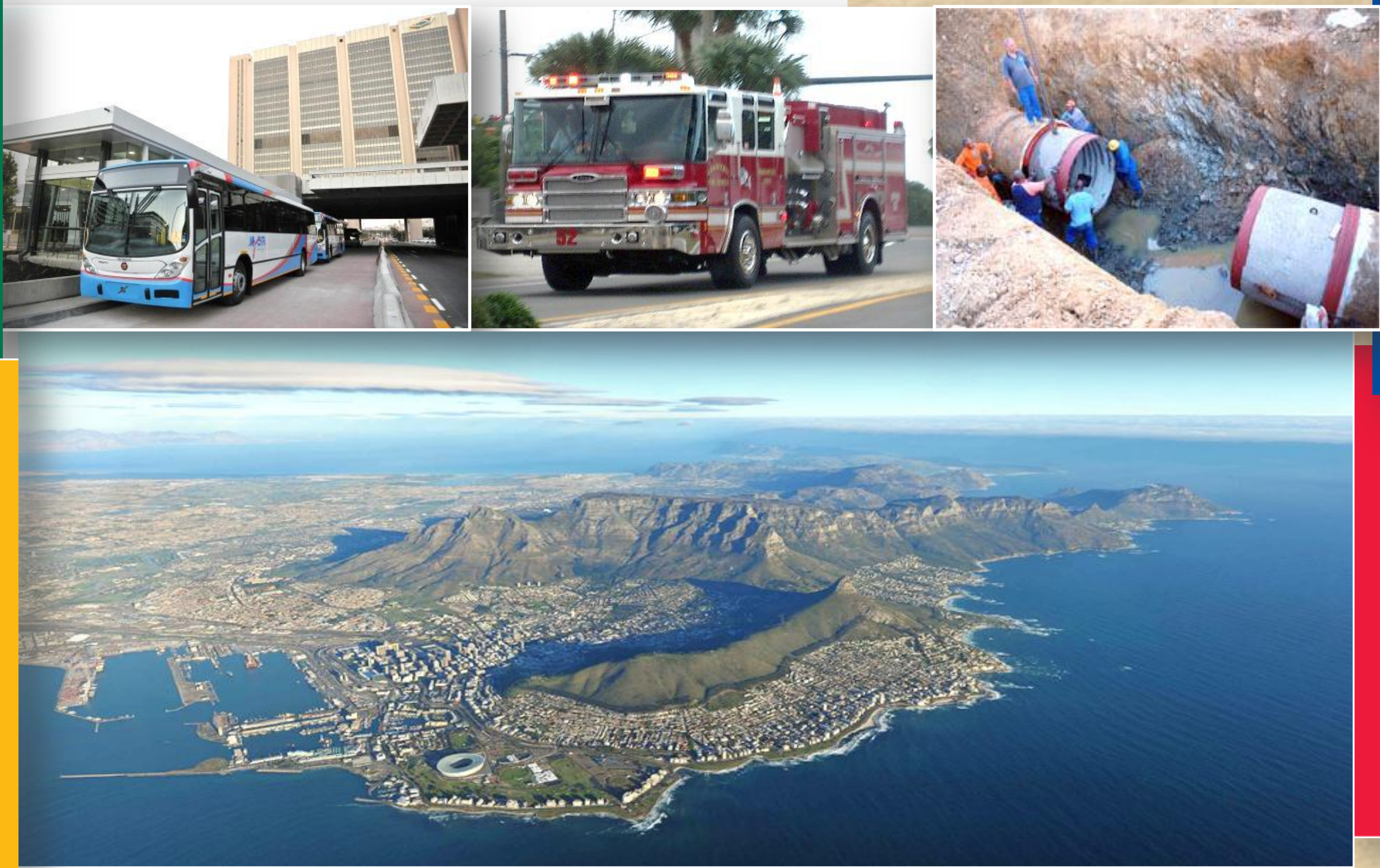
City of Cape Town



Annual Financial Statements

For the year ended

30 June 2011

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

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Auditor-General: Final

Contents

Reporting Entity

The City of Cape Town is a local authority established in terms of section 151 of the Constitution of the Republic of South Africa.

The principal activities of the City are to:

- Provide democratic and accountable government for the local communities.
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment.
- Encourage the involvement of communities and community organizations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Finance Management Act (Act No 56 of 2003), The Municipal Structures Act (Act No117 of 1998), The Municipal systems Act (Act No 32 of 2000) and various other acts and regulations.

Executive Mayor: Alderman P de Lille

Executive Deputy Mayor
Alderman ID Neilson
Speaker
Alderman JD Smit
Chief whip
Alderman AM Serritslev

Members of the Mayoral Committee

- Alderman ID Neilson - Finance
- Alderman JP Smith - Safety and security services
- Alderman DL Qually - Corporate services
- Alderman VM Walker - Economic, environment and spatial planning
- Councillor BA Cortje-Alcock - Social and early childhood development
- Councillor LV James - Health
- Councillor T Gqada - Community services
- Councillor BN Herron - Transport, roads and stormwater
- Councillor GI Pascoe - Tourism, events and marketing
- Councillor S Sims - Utility services
- Councillor EJ Sonnenberg - Housing

Members of the Audit Committee

- Z Manjra Chairperson
- M Roos Member (appointed w.e.f. 1 February 2011)
- MY Kajee Member (appointed w.e.f 1 February 2011)
- M Burton Member
- K Moloko Member

Auditors

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

Private Bag X1
Chempet
7442

Bankers

ABSA Bank
1st floor, Tijgerpark IV
Willie van Schoor Drive
Tyger Valley
7530

PO Box 4453
Tyger Valley
7536

Registered office

12 Hertzog Boulevard
Cape Town
8000

PO Box 655
Cape Town
8000

City Manager
Achmat Ebrahim

Chief Financial Officer
Mike Richardson

Council members of the City of Cape Town

Councillor/Alderman

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

Annual financial statements
for the year ended 30 June 2011

Approval of financial statements

I am responsible for the preparation of these annual financial statements, as set out on pages 13 to 71 in terms of Section 126(1) of the Municipal Finance Management Act, and have accordingly signed the statements on behalf of the City.

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

Achmat Ebrahim
City Manager

Date: 30 ***August 2011***

	Note	2011 R'000	2010 R'000 Restated
ASSETS			
Non-current assets		**21 882 359**	**20 470 323**
Property, plant and equipment	1	21 474 791	19 948 249
Heritage assets	2	11 914	10 002
Investment property	3	84 999	87 060
Intangible assets	4	44 884	31 709
Investments	6	150 245	274 245
Long-term receivables	7	115 526	119 058
Current assets		**9 455 320**	**8 468 192**
Assets classified as held-for-sale	5	126	66
Inventory	8	235 249	197 080
Trade receivables	9	3 709 111	3 361 410
Other receivables	10	193 788	321 101
Investments	6	2 146 596	59 876
Current portion of long-term receivables	7	19 193	17 480
Cash and cash equivalents	11	3 151 257	4 511 179
TOTAL ASSETS		***31 337 679***	***28 938 515***
LIABILITIES			
Non-current liabilities		**8 856 173**	**8 590 155**
Long-term borrowings	12	5 343 836	5 541 041
Provisions	13	3 512 337	3 049 114
Current liabilities		**5 893 533**	**5 492 569**
Deposits	14	233 492	229 160
Provisions	15	767 671	739 446
Payables	16	3 321 917	3 062 887
Unspent conditional grants and receipts	17	1 207 732	1 048 440
Value added tax (VAT)	18	57 368	51 161
Current portion of long-term borrowings	12	305 353	361 475
Total liabilities		***14 749 706***	***14 082 724***
NET ASSETS			
Total net assets		**16 587 973**	**14 855 791**
Housing development fund	19	539 070	531 472
Reserves	20	1 771 534	1 839 091
Accumulated surplus	21	14 277 369	12 485 228
TOTAL NET ASSETS AND LIABILITIES		**31 337 679**	**28 938 515**

Budget 2011 R'000	Budget 2010 R'000 Restated		Note	Actual 2011 R'000	Actual 2010 R'000 Restated
		REVENUE			
11 888 638	**9 905 861**	**Exchange revenue**		**11 471 238**	**9 923 838**
10 599 456	8 778 943	Service charges	22	10 359 727	8 735 777
250 087	230 516	Rental of letting stock and facilities	23	250 316	267 023
421 260	496 595	Finance income	24	522 070	506 533
28 764	24 276	Licences and permits		37 645	33 054
115 993	115 993	Agency services		115 991	111 097
179 111	158 094	Other income	25	164 909	191 234
293 967	101 444	Gains on disposal of property, plant and equipment		20 580	79 120
9 366 185	**8 641 265**	**Non-exchange revenue**		**8 909 448**	**8 641 221**
81 411	70 275	City Improvement Districts (CIDs)	25	81 409	68 709
4 286 860	3 813 865	Property rates	26	4 529 932	3 841 314
1 510 960	1 371 610	Fuel levy		1 510 960	1 371 610
174 769	172 065	Fines		166 476	154 584
3 223 901	3 162 961	Government grants and subsidies	27	2 558 851	3 120 058
88 284	120 763	Public contribution	28	61 820	84 946
21 254 823	**18 547 125**	**Total revenue**		**20 380 686**	**18 565 059**
		EXPENDITURE			
6 315 573	5 636 211	Employee-related costs	29	6 123 767	5 599 436
92 296	86 260	Remuneration of councillors	30	88 621	84 451
1 003 873	828 932	Impairment costs	31	783 092	681 312
188 693	183 665	Collection costs		174 755	167 822
1 227 258	960 756	Depreciation and amortisation expense	32	1 262 100	991 349
780 723	540 448	Finance costs	33	717 475	643 495
4 656 592	3 705 691	Bulk purchases	34	4 620 165	3 636 889
1 922 816	1 822 585	Contracted services		2 010 269	1 895 231
96 240	107 822	Grants and subsidies paid	35	93 382	94 193
3 187 502	2 994 624	General expenses	36	2 771 349	2 620 543
-	15	Loss on disposal of property, plant and equipment		3 529	3 076
19 471 566	**16 867 009**	**Total expenditure**		**18 648 504**	**16 417 797**
1 783 257	**1 680 116**	**Surplus from operations**		**1 732 182**	**2 147 262**
1 783 257	**1 680 116**	**SURPLUS FOR THE YEAR**		**1 732 182**	**2 147 262**

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD
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	Housing development fund	Capital replacement reserve	Self-insurance reserve	Accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
2009					
Balance at 30 June 2009	**510 851**	**1 042 091**	**734 458**	**10 258 033**	**12 545 433**
Concessionary loans fair value adjustment	-	-	-	7 988	7 988
Adjustment VAT liability	-	-	-	155 108	155 108
	510 851	**1 042 091**	**734 458**	**10 421 129**	**12 708 529**
2010					
Restated surplus at 01 July 2009				**2 147 262**	**2 147 262**
Surplus at 30 June 2010 - previously reported	-	-	-	2 105 574	-
Concessionary loans fair value adjustment	-	-	-	(1 181)	-
Claremont road bypass recognised	-	-	-	997	-
SALGA adjustment	-	-	-	(6 692)	-
Property management adjustment	-	-	-	(16 564)	-
Water payment adjustment	-	-	-	30 876	-
Land sale adjustment	-	-	-	(1 582)	-
Investment property adjustment	-	-	-	(22)	-
Investment fair value adjustment	-	-	-	24	-
Lease smoothing adjustments	-	-	-	41 701	-
Bonuses adjustment	-	-	-	(12 448)	-
Adjustment VAT liability				6 579	-
Transfer to/(from)	49 247	948 473	(76 283)	(921 437)	-
Property, plant and equipment purchased	(28 626)	(809 648)		838 274	-
Balance at 30 June 2010 - refer note 45	**531 472**	**1 180 916**	**658 175**	**12 485 228**	**14 855 791**
2011					
Net surplus for the year	-	-	-	1 732 182	1 732 182
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	-
Property, plant and equipment purchased	(22 855)	(565 040)	-	587 895	-
Balance at 30 June 2011	**539 070**	**1 186 371**	**585 163**	**14 277 369**	**16 587 973**

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD
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	Note	2011 R'000	2010 R'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		19 021 927	16 973 371
Cash paid to suppliers and employees		(15 163 792)	(13 151 987)
Cash generated from operations	37	3 858 135	3 821 384
Finance income		503 857	500 033
Finance costs		(717 475)	(643 495)
NET CASH FROM OPERATING ACTIVITIES		3 644 517	3 677 922
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2 857 761)	(4 663 925)
Proceeds on disposal of property, plant and equipment and intangible assets		63 278	82 380
(Increase) in assets held-for-sale		(60)	(66)
Decrease in non-current receivables		1 819	42 673
(Increase)/Decrease in investments		(1 962 720)	1 145 441
NET CASH FROM INVESTING ACTIVITIES		(4 755 444)	(3 393 497)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised and interest capitalised		-	2 124 731
Loans repaid		(253 327)	(524 137)
Increase/(Decrease) in deposits		4 332	(6 366)
NET CASH FROM FINANCING ACTIVITIES		(248 995)	1 594 228
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	38	**(1 359 922)**	**1 878 653**
Cash and cash equivalents at the beginning of the year		4 511 179	2 632 526
Cash and cash equivalents at the end of the year		**3 151 257**	**4 511 179**

	Note	Actual expenditure R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION	**40.2.1**					
Total non-current assets		21 882 359	23 960 664	22 456 571	574 212	2.56%
Total current assets	i	9 455 320	6 785 281	7 058 692	(2 396 628)	(33.95%)
Total Assets		**31 337 679**	**30 745 945**	**29 515 263**	**(1 822 416)**	**(6.17%)**
Total non-current liabilities		8 856 173	9 724 720	8 734 846	(121 327)	(1.39%)
Total current liabilities	ii	5 893 533	4 991 398	4 296 409	(1597 124)	(37.17%)
Total Liabilities		**14 749 705**	**14 716 118**	**13 031 255**	**(1 718 450)**	**(13.19%)**
Total net assets		16 587 973	16 029 827	16 484 008	(103 965)	(0.63%)
Total net assets and liabilities		**31 337 678**	**30 745 945**	**29 515 263**	**(1 822 415)**	**(6.17%)**
STATEMENT OF FINANCIAL PERFORMANCE	**40.2.2**					
Service charges		10 359 727	10 611 557	10 599 456	239 729	2.26%
Rental of letting stock and facilities		250 316	244 503	250 087	(229)	(0.09%)
Finance income	i	522 070	424 796	421 260	(100 810)	(23.93%)
Licences and permits	ii	37 645	28 764	28 764	(8 881)	(30.88%)
Agency services		115 991	115 993	115 993	2	0.00%
Other income	iii	246 318	1 760 230	260 522	14 204	5.45%
Property rates	iv	4 529 932	4 286 860	4 286 860	(243 072)	(5.67%)
Fuel levy		1 510 960	1 510 960	1 510 960	-	-
Fines		166 476	180 569	174 769	8 293	4.74%
Government grants and subsidies	v	2 558 851	1 603 122	3 223 901	665 050	20.63%
Public contributions	vi	61 820	64 379	88 284	26 464	29.98%
Gains on disposal of property, plant and equipment	vii	20 580	310 444	293 967	273 387	93.00%
Total revenue		**20 380 686**	**21 142 177**	**21 254 823**	**874 137**	**4.11%**
Employee-related costs		6 123 767	6 502 939	6 315 573	191 806	3.04%
Remuneration of councillors		88 621	92 296	92 296	3 675	3.98%
Impairment costs	i	783 092	967 716	1 003 873	220 781	21.99%
Collection costs	ii	174 755	190 447	188 693	13 938	7.39%
Depreciation and amortisation expense		1 262 100	1 190 680	1 227 258	(34 842)	(2.84%)
Finance costs	iii	717 475	739 507	780 723	63 248	8.10%
Bulk purchases		4 620 165	4 738 992	4 656 592	36 427	0.78%
Contracted services		2 010 269	2 076 240	1 922 816	(87 453)	(4.55%)
Grants and subsidies paid		93 382	44 557	96 240	2 858	2.97%
General expenses	iv	2 771 349	2 932 197	3 187 502	416 153	13.06%
Loss on disposal of property, plant and equipment		3 529	-	-	(3 529)	-
Total expenditure		**18 648 505**	**19 475 571**	**19 471 566**	**823 062**	**4.23%**
Net surplus for the year		**1 732 182**	**1 666 606**	**1 783 257**	**51 075**	**2.86%**
CASH FLOW STATEMENT	**40.2.3**					
Net cash from (used) operating	i	3 644 517	2 892 220	1 605 967	(2 038 550)	(126.94%)
Net cash from (used) investing	ii	(4 755 444)	(3 407 165)	(2 959 108)	1 796 336	(60.71%)
Net cash from (used) financing		(248 995)	861 277	(239 807)	9 188	(3.83%)
Net (Decrease)/Increase in cash and cash equivalents		**(1 359 922)**	**346 332**	**(1 592 948)**	**(233 026)**	**14.63%**
CAPITAL EXPENDITURE	**40.2.4**					
Executive and council		7 960	6 516	8 153	193	2.37%
Budget and treasury office	i	11 787	7 626	13 430	1 643	12.23%
Corporate services		150 457	140 891	157 344	6 887	4.38%
Planning and development	ii	31 338	49 507	33 582	2 244	6.68%
Health	iii	12 352	11 984	16 893	4 541	26.88%
Community and social services	iv	59 321	67 132	87 440	28 119	32.16%
Public safety	v	67 522	90 899	87 298	19 776	22.65%
Sport and recreation [1]	vi	169 973	259 313	236 510	66 537	28.13%
Environmental protection	vii	7 017	24 669	11 053	4 036	36.51%
Road transport	viii	713 944	800 352	1 133 820	419 876	37.03%
Housing	ix	321 970	620 708	453 574	131 604	29.01%
Waste management	x	421 395	610 846	516 293	94 898	18.38%
Water	xi	177 559	195 951	193 194	15 635	8.09%
Electricity	xii	704 756	718 471	774 760	70 004	9.04%
Other (Tourism)	xiii	410	2 500	2 383	1 973	82.79%
TOTAL		**2 857 761**	**3 607 365**	**3 725 727**	**867 966**	**23.30%**

1. The final approved budget amount does not include a disputed amount due in terms of a completed project of R270 million. For further details refer note 47.2

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD
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GENERAL INFORMATION

.The City of Cape Town's address of its registered office and principal place of business are disclosed under general information. The principal activities of the Municipality are described in the introduction to the annual financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the City of Cape Town, that are, in all material respects, consistent with those applied in the previous year, except as stated in note 45 are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

Basis of presentation

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

The ASB has issued a directive which sets out the principles for the application of the GRAP 3 guidelines in the determination of 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 trade receivables**

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

- **Provisions and contingent liabilities**

  Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in note 13 and 47.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

- **Property, plant and equipment**

  The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement 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**

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

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

Adoption of new and revised standards

In the current year, the City has adopted all new and revised standards and interpretations issued by the Accounting Standards Board (ASB) that are relevant to its operations, and 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 not yet effective, but has based its accounting policies on such standards. Effective dates have been given for some of the standards and for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2011, the following standards were issued but not yet effective.

- Annual periods commencing on or after 1 April 2012:

  GRAP 21 - Impairment of non-cash generating assets
  GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
  GRAP 24 - Presentation of budget information
  GRAP 26 - Impairment of cash-generating assets
  GRAP 103 - Heritage assets

- No effective dates provided yet:

  GRAP 18 - Segment reporting
  GRAP 20 - Related party disclosures (revised)
  GRAP 25 - Employee benefits
  GRAP 105 - Transfers of functions between entities under common control
  GRAP 106 - Transfers of functions between entities not under common control
  GRAP 107 - Mergers

All the above standards, where applicable, will be complied with in the financial statements once effective. Preliminary investigations indicated that 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 No. 107 of 1997).

Housing Development Fund

Sections 15(5) and 16 of the Housing Act, which came into operation on 1 April 1998, required that the City 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)(ii)(aa), read with inter alia Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, where 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 provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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

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

Insurance reserve

- **Self-insurance reserve**

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

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

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

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

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 No. 130 of 1993).

The certificate of exemption issued by the Commissioner, and as prescribed by the COID, requires that the City 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 out of 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 a donation, its cost shall be measured at its fair value on the date of acquisition.

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

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

The 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, and thus no residual values are determined other than for motor vehicles.

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

Depreciation rates

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

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

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

Heritage assets

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

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

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

Investment properties

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

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

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

Intangible assets

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

The 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.

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

Non-current assets held-for-sale

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

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

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

Impairment of cash and non-cash-generating assets

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

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

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

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

Recoverable amount of a 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 estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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 depreciated replacement cost.

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

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

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 measured at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added or deducted from the fair value as appropriate on initial recognition.

Financial assets

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

- **Investments at fair value**

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

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates that 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 whose fair value 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 trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

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

Trade payables and other

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

Trade and other receivables

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

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

INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which 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 it is 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, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

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

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the City, and these benefits can be measured reliably. 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 sewage 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 alternative month on the basis of consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.
– Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.
– Income in respect of housing rental and instalment sale agreements is accrued monthly.
– Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund or the insurance reserve.

  Interest earned on the following investments is not recognised in the Statement of Financial Performance:
  ▪ Interest earned on trust funds is allocated directly to the fund.
  ▪ Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.
– Dividends are recognised when the City's right to receive payment is established.
– Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.
– Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
  ▪ The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
  ▪ The City retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
  ▪ The amount of revenue can be measured reliably.
  ▪ The costs incurred or to be incurred in respect of the transaction can be measured reliably.
  ▪ Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

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

  A composite rating system, charging different rate tariffs, is employed. 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 are recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.
– Donations are recognised on a cash receipt basis, or at fair value, or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City.
– 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 No. 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.

OFFSETTING

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

CONDITIONAL GRANTS AND RECEIPTS

Income received from conditional grants, donations and subsidies is recognised to the extent that the City has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it they are utilised.

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

Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

Grants and receipts of a capital nature

Income is transferred to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

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 a reliable estimate can be made of the amount of the obligation.

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.

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. To the extent that 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.

CASH AND CASH EQUIVALENTS

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

EMPLOYEE BENEFITS

Retirement benefit plans

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

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

Post-retirement pension funds

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

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

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

Actuarial gains or losses are accounted for in full in the year they occur in the Statement of Financial Performance.

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, and depending on the employee's contract, could either be 70%, 60% or a subsidy indicated on a sliding-scale basis. The employee is responsible for the balance of post-retirement medical contribution in each case. External appointments after December 2000 do not qualify for a post-retirement medical aid subsidy

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

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

Actuarial gains or losses are accounted for in full in the year they occur in the Statement of Financial Statements. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits

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

The City provides long-term incentives 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 accounted for in full through the Statement of Financial Performance.

LEASES

The City as lessee

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

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

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

The City 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.

VALUE-ADDED TAX

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

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act, or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

FRUITLESS AND WASTEFUL EXPENDITURE

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

FOREIGN- CURRENCY TRANSACTIONS

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

BORROWING COSTS

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

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

COMPARATIVE INFORMATION

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

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items.

The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.

1 PROPERTY, PLANT AND EQUIPMENT

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

(refer Appendix B for more detail)

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2010							
Land and buildings	1 612 088	(24 506)	223 059	(323)	(82 633)	(52 034)	1 675 651
Infrastructure	8 440 973	(510 819)	2 697 418	-	(368 255)	-	10 259 317
Community	3 778 151	540 008	853 099	-	(128 388)	-	5 042 870
Leased assets	133 704	-	-	-	(19 969)	-	113 735
Other	1 722 957	(4 747)	874 589	(5 337)	(352 237)	(6)	2 235 219
Housing rental stock	641 140	-	7 235	(452)	(26 466)	-	621 457
TOTAL	**16 329 013**	**(64)**	**4 655 400**	**(6 112)**	**(977 948)**	**(52 040)**	**19 948 249**

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

The 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 its life 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.

Fully depreciated assets at an original cost of R1,91 billion are still currently in use.

The annual review of the useful lives of assets resulted in an increase in the depreciation charge to the Statement of Financial Performance of R17,20 million.

2 HERITAGE ASSETS

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

(refer Appendix B for more detail)

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
As at 30 June 2010					
Assets under construction	1 722	(600)	538	-	1 660
Paintings and art galleries	7 718	600	60	(36)	8 342
TOTAL	**9 440**	**-**	**598**	**(36)**	**10 002**

3 *INVESTMENT PROPERTY*

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

(refer Appendix B for more detail)

	Opening balance R'000	Transfers/ adjustments R'000	Depreciation R'000	Carrying value R'000
As at 30 June 2010				
Vacant land	38 366	-	-	38 366
Land and buildings	53 180	(22)	(4 464)	48 694
TOTAL	**91 546**	**(22)**	**(4 464)**	**87 060**

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

4 *INTANGIBLE ASSETS*

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2011					
Computer software (acquired separately)	**31 709**	**14 989**	**8 393**	**(10 207)**	**44 884**

(refer Appendix B for more detail)

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2010					
Computer software (acquired separately)	**32 821**	**(102)**	**7 927**	**(8 937)**	**31 709**

The capitalised computer software was estimated to have a finite life of five years at acquisition. The software is amortised using the straight-line method over a period of 5 years.

5 *ASSETS CLASSIFIED AS HELD-FOR-SALE*

	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
As at 30 June 2011				
Land held for sale	**66**	**61**	**(1)**	**126**

(refer Appendix B for more detail)

	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	Carrying value R'000
As at 30 June 2010				
Land held for sale	**-**	**66**	**-**	**66**

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

		2011 R'000	2010 R'000
6	***INVESTMENTS***		
6.1	**Investment at amortised cost**	1 634 813	3 155 353
	RSA Government stock	48 472	42 826
	Sinking-fund deposits - note 39	113 233	248 387
	Other fixed deposits	1 473 108	2 864 140
		(1 523 336)	(2 919 876)
	Provision for impairment	(9 616)	(9 616)
	Current portion included in short-term investments	(50 294)	(55 800)
	Call and term deposits included in cash and cash equivalents - refer note 11	(1 463 426)	(2 854 460)
	Total at amortised cost	**111 477**	**235 477**

Collateral deposits for staff housing loans

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

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The City has not issued fixed deposits as security since 2000. 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.

		2011 R'000	2010 R'000
6.2	**Investment at fair value**	3 638 038	1 522 542
	Sinking-fund deposits - note 39	363 765	-
	Deposits held with fund managers	3 274 273	1 522 542
		(3 638 038)	(1 522 542)
	Current portion included in short-term investments	(2 096 302)	(4 076)
	Call and term deposits included in cash and cash equivalents - refer note 11	(1 541 736)	(1 518 466)
	Total at fair value	**-**	**-**
6.3	**Investment at cost**		
	Cape Town International Convention Centre (Pty) Ltd	38 768	38 768
	Original investment at cost	284 000	284 000
	Provision for impairment	(245 232)	(245 232)

The carrying amount of the City's investment in Convenco, R284 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 2011, 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 2011 is therefore maintained at R245,23 million.

		2011 R'000	2010 R'000
	Cape Town Community Housing Company (Pty) Ltd	-	-
	Original investment at cost	2 500	2 500
	Provision for impairment	(2 500)	(2 500)
	Total at cost	**38 768**	**38 768**
	TOTAL	**150 245**	**274 245**
6.4	**Short term investments**		
	Investment at amortised cost	50 294	55 800
	Investment at fair value	2 096 302	4 076
	TOTAL	**2 146 596**	**59 876**
	TOTAL INVESTMENTS	**2 296 841**	**334 121**

		2011 R'000	2010 R'000
7	***LONG-TERM RECEIVABLES***		
	Loans to employees	-	12
	Sporting bodies	1 363	1 519
	Housing land sales	1 104	1 184
		23 798	25 485
	Public organisations	28 657	30 175
	Provision for impairment	(4 859)	(4 690)
		108 454	108 338
	Housing selling development loans	200 655	222 049
	Provision for impairment	(92 201)	(113 711)
		134 719	136 538
	Current portion transferred to current receivables	(19 193)	(17 480)
	TOTAL	**115 526**	**119 058**
	Reconciliation of impairment provision		
	Balance at beginning of the year	118 401	105 321
	Contributions (from)/to provisions	(21 510)	13 080
	Transfers to provisions	169	-
	Balance as at 30 June	**97 060**	**118 401**

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

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

Public organisations
Loans to public organisations are granted in terms of National Housing Policy. At present, these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

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

		2011 R'000	2010 R'000
8	***INVENTORY***		
	Consumable stores	196 099	159 520
	Medical supplies	492	918
	Spare parts and meters	14 351	11 600
	Water	18 293	13 312
	Other goods held for resale	3 549	9 702
	Green electricity rights	2 465	2 028
	TOTAL	**235 249**	**197 080**

Inventory to the value of R1 243 001 was scrap during the year (2010: R806 334 was taken on). Inventories (excluding bulk water) that were recognised as issues during the year amounted to R639,45 million (2010: R624,57 million), of which a portion was capitalised. Green- electricity rights are rights to sell green units at green tariffs to consumers upon their request for green electricity.

9 *TRADE RECEIVABLES*

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

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

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

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

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

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

10 OTHER RECEIVABLES

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

Included in other exchange debtors is an amount of R3,22 million (2010: R47,48 million) for VAT due by the South African Revenue Service.

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

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

Analysis of other receivables' age in days

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

Analysis of other receivables' age in days

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

11 CASH AND CASH EQUIVALENTS (BANK AND CASH)

			2011 R'000	2010 R'000
Bank balance			116 877	115 311
ABSA	- Primary bank account	40-5658-4470	116 867	115 310
	Salary bank account	40-5658-4496	-	-
	Cashier's bank account	40-5658-4527	-	-
	General income account (primary)	40-5658-4569	-	-
	Traffic fines bank account	40-7261-8663	-	-
	IRT funding account	5435522023983015	10	
FNB	- Traffic fines bank account	62073198816	-	1
Year-end accruals			(194)	(10)
Interest accrual			291	564
Bank charges accrual			(485)	(574)
Net cash in bank			**116 683**	**115 301**
Cash on hand and in transit			29 412	22 952
Call and term deposits - refer note 6			1 463 426	2 854 460
Amortised cost			**1 609 521**	**2 992 713**
Call and term deposits - refer note 6			1 541 736	1 518 466
Fair value			**1 541 736**	**1 518 466**
TOTAL			**3 151 257**	**4 511 179**

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

12 LONG-TERM BORROWINGS

	2011	2010
Local registered stock loans	4 278 903	4 278 977
Concessionary loans	30 357	33 243
Other loans	1 273 648	1 444 277
Finance leases	66 281	146 019
Subtotal - refer to Appendix A for more details	5 649 189	5 902 516
Current portion transferred to current liabilities	(305 353)	(361 475)
TOTAL	**5 343 836**	**5 541 041**

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

Long-term borrowings detailed as follows:

	2011	2010
LOCAL REGISTERED STOCK	**4 278 903**	**4 278 977**
ABSA Nominees (Pty) Ltd	7 047	7 047
Listed Bonds	4 271 856	4 271 930

ABSA Nominees (Pty) Ltd

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

Listed Bonds

In terms of the City's Domestic Medium Term Note (DMTN) Programme registered on the Johannesburg Stock Exchange (JSE) unsecured bonds totalling R4,20 billion are listed on the JSE Limited (JSE) of South Africa. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. Certain bond raising costs have been capitalised and offset against the proceeds thereof, and were subsequently written off over the periods of the respective bonds. Sinking funds have been established for the purpose of providing for the capital repayment at the dates of redemption.

	2011 R'000	2010 R'000
CONCESSIONARY LOANS	**30 357**	**33 243**
Development Bank of Southern Africa (DBSA) Unsecured fixed term concessionary loan repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.	30 343	33 231
Nedcor Bank Unsecured fixed-rate loan, interest payable annually, and loan capital repayable on 31 August 2019.	14	12
OTHER LOANS	**1 273 648**	**1 444 277**
Development Bank of Southern Africa (DBSA) Unsecured fixed interest loans, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Various final redemptions.	731 991	827 884
FirstRand Bank Structured R125,00 million 15-year loan, repayable semi-annually in equal instalments of capital and fixed-rate interest. As part of the loan structure, the City sold moveable assets with a market value of R125,00 million to FirstRand Bank. FirstRand Bank leased the assets back to the City over 15 years, with rentals payable during the years 2009-2011. At the same time, the City lent R125,00 million to FirstRand Bank, repayable together with interest on the same dates and in the same amounts as the rental payable by the City under the lease agreement. The City ceded its rights under its loan to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness. This loan was repaid on 30 June 2011.	-	19 931
FirstRand Bank Structured R220,00 million 15-year loan of which, R200,00 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20,00 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20,00 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group. As part of the loan structure, the City purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220,00 million. R20,00 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, R200,00, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200,00 million the first day one 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.	183 268	189 299
FirstRand Bank Structured R150,00 million 15-year loan, repayable semi-annually in equal instalments of capital and fixed interest. As part of the loan structure, the City leased moveable electricity assets with a market value of R150,00 million to FirstRand Bank for 20 years. Rental is payable in three instalments during 1998–2000, with a nominal annual rental thereafter. The rentals are payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the City over 15 years, with rentals payable during the years 2003–2013 out of the deposit account, which will reduce to zero on 30 June 2013. The City has ceded its rights to repayment of the deposit to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.	41 643	59 336
ABSA Bank Unsecured fixed-interest loan, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance, final redemption on 30 June 2018.	140 000	160 000

	2011 R'000	2010 R'000
FirstRand Bank Structured R300,00 million 15-year loan of which, R74,30 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,70 million payable in one instalment, together with capitalised fixed-rate interest, on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group. 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 FutureGrowth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The 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.	176 746	187 827
FINANCE LEASES	**66 281**	**146 019**
Nedbank Sale and leaseback, structured R55,30 million 15-year loan, funded by Nedbank through an infrastructure trust. Lease rentals equating to fixed-rate interest are payable semi-annually over 15 years; a bullet rental amount of R55,30 million is payable on 2 January 2012 out of the proceeds of a sinking fund. The City deposits equal amounts with Nedbank semi-annually, which, together with compounded interest over 15 years, will equate to the original loan capital. The City has ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital. An additional floating-rate liability of R2,25 million (2010: R4,19 million) arising from a restructuring of the loan is repayable over the remaining life of the loan.	61 997	64 107
Investec Sale and leaseback, structured R54,80 million 15-year loan, funded by Investec Bank. Lease rentals equating to loan fixed-rate interest plus capital are payable semi-annually over 15 years. Investec has granted the City the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The City has deposited with Investec an amount, which, together with compound interest, will equate to the option price payable on 31 December 2011. The City has ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.	4 284	12 014
Standard Corporate and Investment Bank (SCMB) Sale and leaseback, structured R59,30 million 15-year loan. The City sold moveable electricity assets to Standard Bank at the market value of R59,30 million. The City invested R5,80 million of the proceeds in a sinking-fund deposit, which, when compounded over 15 years at a fixed rate of interest, grew to the original loan capital amount. Standard Bank leased the assets back to the City, with rentals equating to the loan fixed-rate interest, payable annually over 15 years. A bullet rental amount of R59,30 million was paid on 24 June 2011 out of the sinking-fund deposit.	-	69 898
TOTAL - refer to Appendix A for more details	**5 649 189**	**5 902 516**

The rates of interest payable on the abovementioned structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the allowability of deductions by the lenders for income tax purposes in connection with these loans. In the event of changes to, or interpretation of, the Income Tax Act (Act No. 58 of 1962) or any other relevant legislation that has an impact on the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

13 PROVISIONS (NON-CURRENT)

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

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 ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

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

	2011	2010
	%	%
Key financial assumptions		
Discount rate	8,2	8,9
General inflation rate (CPI)	6,3	5,3
Salary increase	6,5	6,3

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 study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 5,6% (2010: 5,4%) and discounted to present value at the average borrowing cost of 10,97% (2010: 11,3%); hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2011 and 2020.

Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the City's liability in respect of benefits to eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – refer note 46 for more details.

	2011	2010
	R'000	R'000
14 DEPOSITS		
Electricity and water	233 248	228 865
Other deposits	244	295
	233 492	**229 160**

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

15 PROVISIONS

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

Insurance and COID claims

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

Legal fees

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

Staff leave

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

	2011 R'000	2010 R'000
16 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	2 152 151	1 989 078
Payments received in advance	785 846	663 885
Inter-company advances	76 489	90 907
Third-party payments	215 034	187 675
Other creditors	92 397	131 342
TOTAL	**3 321 917**	**3 062 887**

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

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

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

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

17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2011 R'000	2010 R'000
Conditional grants from other spheres of government	**1 122 148**	**949 826**
Municipal infrastructure grant (MIG)	63 547	-
National Government	663 795	702 923
Provincial Government Western Cape (PGWC) - other	394 806	246 903
Other conditional receipts	**85 584**	**98 614**
Public contributions	85 584	98 614
TOTAL	**1 207 732**	**1 048 440**

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

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

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

		2011 R'000	2010 R'000
18	***VAT***		
	VAT payable	273 430	244 911
	VAT receivable	(216 063)	(193 750)
	TOTAL NET VAT PAYABLE	**57 368**	**51 161**

The City is registered for VAT on the payment basis.

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

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

		2011 R'000	2010 R'000
20	***RESERVES***		
	Capital replacement reserve	1 186 371	1 180 916
	Insurance reserve	585 163	658 175
	Self-insurance reserve	534 055	612 654
	Compensation for occupational injuries and diseases	51 108	45 521
	TOTAL	**1 771 534**	**1 839 091**

The capital replacement reserve and the self-insurance reserve are fully funded and invested in ringfenced financial instruments.

		2011 R'000	2010 R'000
21	***ACCUMULATED SURPLUS***		
	Accumulated surplus	**14 277 369**	**12 485 228**

Receipts from grant-funded assets acquired to the value of R10,57 billion (2010: R9,85 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

		2011 R'000	2010 R'000
22	***SERVICE CHARGES***		
	Sale of electricity	6 815 178	5 665 721
	Sale of water	1 649 307	1 483 354
	Waste management	651 966	544 284
	Wastewater management	903 205	801 003
	Other	340 071	241 415
	TOTAL	**10 359 727**	**8 735 777**

		2011 R'000	2010 R'000
23	***RENTAL OF LETTING STOCK AND FACILITIES***		
	Rental agreements	246 658	276 628
	Hire/rentals	37 006	23 298
		283 664	299 926
	Income forgone *	(33 348)	(32 903)
	TOTAL	**250 316**	**267 023**
24	***FINANCE INCOME***		
	Interest receivable - external investments	335 217	351 799
	Interest receivable - outstanding debtors	230 391	212 978
		565 608	564 777
	Interest transferred to external funds (conditional grants)	(50 404)	(62 622)
	Net finance income	515 204	502 155
	Gains on valuation of derivatives	-	4 378
	Gains on valuation of investments	6 866	-
	TOTAL	**522 070**	**506 533**
25	***OTHER INCOME***		
	Exchange transactions	**164 909**	**191 234**
	Insurance recoveries	1 093	1 009
	Bulk infrastructure levies	54 926	77 373
	Skills development levy	17 647	18 437
	Other income	91 243	94 415
	Non-exchange transactions		
	City Improvement Districts (CIDs)	81 409	68 709
	TOTAL	**246 318**	**259 943**
26	***PROPERTY RATES***		
	Actual		
	Residential Commercial State	5 277 706	4 192 543
	Penalties	94 168	86 889
		5 371 874	4 279 432
	Income forgone *	(841 942)	(438 118)
	TOTAL PROPERTY RATES	**4 529 932**	**3 841 314**
	Valuations		
	Rateable properties	772 100 106	609 172 811
	Non-rateable properties	25 648 841	16 509 646
	TOTAL PROPERTY VALUATIONS	**797 748 947**	**625 682 457**
	Valuations as at July		
	Residential	549 409 889	448 792 979
	Commercial	172 957 965	126 484 355
	Agriculture	8 784 443	3 147 331
	State	42 907 205	32 762 683
	Municipal	23 689 445	14 495 109
	TOTAL PROPERTY VALUATIONS	**797 748 947**	**625 682 457**

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

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

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

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.

	2011 R'000	2010 R'000
Analysis of Government grants and subsidiaries		
Operating	1 385 536	1 179 201
Capital	1 173 315	1 940 857
	2 558 851	**3 120 058**

	2011 R'000	2010 R'000
Municipal infrastructure grant projects		
Balance unspent at beginning of the year	-	-
Regrouping adjustment	70 407	91 224
Current-year receipts	(383 726)	(327 790)
Adjustments	-	8 420
Conditions met - transferred to revenue	249 772	298 553
Amounts still to be claimed	-	(70 407)
Conditions still to be met - transferred to liabilities - refer note 17	**(63 547)**	**-**

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

	2011 R'000	2010 R'000
Provincial health subsidies		
Balance unspent at beginning of year	-	-
Current-year receipts - included in public health vote	(129 925)	(126 907)
Conditions met - transferred to revenue	129 925	126 907
Conditions still to be met - transferred to liabilities	**-**	**-**

The City renders services on behalf of the PGWC and is refunded partially for expenditure incurred. This grant has been used 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.

	2011 R'000	2010 R'000
Provincial projects and CMTF		
Balance unspent at beginning of the year	(246 903)	(249 851)
Regrouping adjustment	1 545	9 492
Current-year receipts	(719 762)	(510 714)
Interest earned	(6 597)	(8 260)
Adjustments	(18 241)	(57 903)
Conditions met - transferred to revenue	625 106	572 628
Amounts still to be claimed	(29 954)	(2 295)
Conditions still to be met - transferred to liabilities - refer note 17	**(394 806)**	**(246 903)**

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

These grants received from National Government are for operating and capital expenditure, such as budget reform, restructuring, urban renewal, etc. Excluding the amounts unspent, the conditions of the grants have been met - see Appendix D.

28 *PUBLIC CONTRIBUTIONS*

	2011 R'000	2010 R'000
Public contributions: Consumer connections	40 383	32 395
Other	21 437	52 551
	61 820	**84 946**

	2011 R'000	2010 R'000
Public contributions and other third-party funds		
Balance unspent at beginning of the year	(98 614)	(99 663)
Regrouping adjustment	6 390	75
Current-year receipts	(44 529)	(50 934)
Interest earned	(1 372)	(1 838)
Adjustments	(3 509)	(29 396)
Conditions met - transferred to revenue	61 820	84 946
Amounts still to be claimed	(5 770)	(1 804)
Conditions still to be met - transferred to liabilities - refer note 17	**(85 584)**	**(98 614)**

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

29 *EMPLOYEE-RELATED COSTS*

	2011 R'000	2010 R'000
Salaries and wages	3 932 202	3 510 920
Social contributions - UIF, pensions and medical aid	1 031 092	881 642
Travel, car, accommodation, subsistence and other allowances	273 051	252 200
Housing benefits and allowances	31 315	43 831
Overtime payments	277 174	260 781
Contribution: Post-retirement and long-service	600 062	669 586
	6 144 896	5 618 960
Expenditure recharged to capital projects	(21 129)	(19 524)
TOTAL	**6 123 767**	**5 599 436**

Remuneration of executives

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Performance bonus R'000	Car allowance R'000	Social contribution R'000	Travel and subsistance R'000
2011						
City manager	1 940	1334	375	-	217	14
Finance	1 550	957	305	117	171	-
Health	1 429	851	282	133	163	-
Integrated human settlement services	1 517	1 051	298	-	168	-
Economic and social development	1 407	930	235	72	155	15
Safety and security	1 313	931	149	95	138	-
Community development	1 563	1 024	305	84	150	-
Corporate services	1 597	1 069	298	60	159	11
Strategy and planning	803	489	298	16	-	-
Transport, roads and stormwater	1 728	1 197	339	-	189	3
Utility services	1 634	1 164	264	47	159	-
Internal audit	1 440	1 086	281	72	1	-
	17 921	**12 083**	**3 429**	**696**	**1 670**	**43**

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Performance bonus R'000	Car allowance R'000	Social contribution R'000	Travel and subsistance R'000
2010						
City manager	1 432	1 181	-	51	200	-
Finance	1 162	875	-	117	170	-
Health	1 112	774	44	133	161	-
Integrated human settlement services	1 136	968	-	14	154	-
Service delivery integration	1 287	1 081	-	36	170	-
Economic and social development	1 067	852	-	72	143	-
Safety and security	1 064	802	42	95	125	-
Community development	1 162	940	-	84	138	-
Corporate services	1 134	929	-	60	145	-
Strategy and planning	1 135	1 084	-	49	2	-
Transport, roads and stormwater	943	846	-	-	97	-
Utility services	1 209	1 011	-	48	150	-
Internal audit	1 070	996	-	72	2	-
	14 913	**12 339**	**86**	**831**	**1 657**	**-**

		2011 R'000	2010 R'000
30	***REMUNERATION OF COUNCILLORS***		
	Executive Mayor	971	853
	Deputy Executive Mayor	766	672
	Speaker	766	672
	Chief Whip	719	631
	Mayoral Committee Members	6 497	6 522
	Subcouncil Chairpersons	15 117	14 617
	Councillors	54 274	51 899
	Councillors' pension contributions	9 511	8 585
	TOTAL	**88 621**	**84 451**

In-kind benefits

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

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

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

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

		2011 R'000	2010 R'000
31	***IMPAIRMENT COSTS***		
	Allowances for impairment losses	773 226	629 272
	Impairment of property, plant and equipment	9 866	52 040
	TOTAL	**783 092**	**681 312**
32	***DEPRECIATION AND AMORTISATION EXPENSE***		
	Depreciation of property, plant and equipment	1 249 295	977 948
	Depreciation of investment property	2 598	4 464
	Amortisation of intangible assets	10 207	8 937
	TOTAL - refer to notes 1, 3, 4, 5 and Appendix B	**1 262 100**	**991 349**
33	***FINANCE COSTS***		
	Interest expense	683 588	600 751
	Long-term borrowings (amortised cost)	661 870	576 479
	Finance leases (amortised cost)	21 718	24 272
	Unwinding of discount	33 604	42 513
	Amortisation of bond issue expenses	283	226
	Loss on foreign-exchange transactions	-	5
	TOTAL	**717 475**	**643 495**
34	***BULK PURCHASES***		
	Electricity	4 326 842	3 392 122
	Water	293 323	244 767
	TOTAL	**4 620 165**	**3 636 889**
35	***GRANTS AND SUBSIDIES PAID***		
	Community upliftment	9 315	5 882
	Destination-marketing organisation, and tourism	-	64 766
	Economic promotion and job creation	71 307	259
	Educational institutions and health forums	-	1 779
	Health and HIV/Aids/TB	1 204	1 553
	Programmes, conferences and events	4 909	411
	Senior citizens and disabled	456	-
	Social arts and culture and other	5 647	6 466
	Sporting bodies	544	4 232
	Wesgro	-	8 845
	TOTAL	**93 382**	**94 193**

		2011 R'000	2010 R'000
36	***GENERAL EXPENSES***		
	Chemicals	91 898	84 848
	Communication and publication	26 255	30 376
	Computer services and software	19 174	30 004
	Consultants	141 440	146 373
	Electricity – Free basic electricity	70 981	52 740
	Fuel	143 758	130 890
	Furniture and fittings	15	-
	Hire charges	118 739	134 211
	Legal fees	35 941	28 424
	Levy: Skills development	43 499	37 936
	Licences and permits	70 869	63 322
	Materials and consumables	279 307	286 488
	City improvement districts (CIDs)	78 967	66 648
	Minor tools and equipment	50 283	42 118
	Pharmaceutical supplies	75 441	57 958
	Postage and courier	25 973	26 254
	Printing and stationery	56 958	63 133
	Rental	62 849	52 158
	Inventory: Taken on/scrapping	1 243	(806)
	Security services	272 550	248 389
	Sewerage services - disposals external	35 209	25 344
	Telecommunications	114 246	115 772
	Training	52 179	58 585
	Insurance: Claims	26 611	24 054
	Insurance: Underwriting	26 217	22 447
	Indigent relief	338 696	321 187
	Contributions, transfers and other	515 304	474 171
		2 774 602	2 623 024
	Expenditure recharged to capital projects	(3 253)	(2 481)
	TOTAL	**2 771 349**	**2 620 543**
37	***CASH GENERATED FROM OPERATIONS***		
	Surplus for the year	1 732 182	2 147 262
	Adjustment for	2 467 771	1 983 409
	Depreciation	1 262 100	991 349
	Impairment	9 866	52 040
	Gain and loss on disposal of property, plant and equipment	(17 051)	(76 044)
	Net loss on valuation of derivatives	-	(4 378)
	Contribution to provisions	491 448	636 596
	Contribution to impairment provision	526 003	246 884
	Finance income	(522 070)	(506 533)
		(503 857)	(500 033)
		(18 213)	(6 500)
	Finance costs	717 475	643 495
	Operating surplus before working capital changes	**4 199 953**	**4 130 671**
	(Increase)/decrease in inventories	(38 169)	3 209
	Increase in trade receivables	(845 591)	(830 677)
	Increase in other receivables	117 413	48 411
	Increase in unspent conditional grants and receipts	159 292	158 619
	Increase in payables	259 030	250 184
	Increase in net VAT	6 207	60 967
	Cash generated from operations	**3 858 135**	**3 821 384**
38	***CASH AND CASH EQUIVALENTS***		
	Balance at the end of the year	3 151 257	4 511 179
	Balance at the beginning of the year	4 511 179	2 632 526
	Net (decrease)/increase in cash and cash equivalents - refer note 11	**(1 359 922)**	**1 878 653**

39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2011 R'000	2010 R'000
Long-term liabilities raised - refer Appendix A	-	2 000 000
Used to finance property, plant and equipment	(2 700 480)	(3 810 138)
2009/10 and prior years	(1 720 913)	(1 763 419)
2010/11	(979 567)	(2 046 719)
Total External Finance Fund (overdrawn)	(2 700 480)	(1 810 138)
Cash set aside for the repayment of long-term liabilities - refer note 6 and 12	476 998	248 387
Cash overdrawn	**(2 223 482)**	**(1 561 751)**

40 BUDGET INFORMATION

40.1 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, and the negative affect of the abnormal high electricity and solid waste tariff increases on consumer debtors. The decrease in the expected capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources and the fact that a decision was made at final budget stage not to take up any loans during the year.

40.2 Explanation of variances greater than 5%: final budget and actual amounts

40.2.1 Statement of financial position

i) Current Assets
The cash available were much higher than anticipated due to inter alia the under spending of capital

ii) Current liabilities
The budgeted payables was lower than the actuals mainly due to payments in advance being higher than anticipated.

40.2.2 Statement of financial performance

Revenue

i) Finance income
The actual revenue from Interest Earned is the result of improved cash collection and the lower than planned spending resulting in larger than planned cash/investment balances.

ii) Licences and permits
Variance largely as a result of higher than expected demand for driver licences, driver learner licences, road worthy certificates and PRDP's.

iii) Other income
The variance is a result of lower than anticipated Revenue from Development Levies due to the downturn in the economy and the influence thereof on property development.

iv) Property rates
The total rates billing was budgeted according to the valuations in the 2009 General Valuation and taking the valuations proposed by the objectors into account. The higher rates billed are due to the fact that a large number of objections resulted in higher valuations than proposed by the objectors. Income forgone Actual results are less than planned and mainly due to qualifying Agricultural Rebates being less than anticipated.

v) Government grants and subsidies
The variance is a result of under recovery (under spending) on Grant funded Capital and Operational Projects in the City. The under recovery is due to a number of reasons. The reasons for delays are; delays in tender processes, community involvement and participation, contractor performance and slow implementation rate of projects.

vi) Public contributions
The variance is a result of lower than planned Public Donations Funded Capital and Operational Projects in the City. The under recovery is mainly due to delays in tender processes, community involvement and participation, contractor performance and slow implementation rate of projects.

vii) Gains on disposal of property, plant and equipment
The revenue form the disposal of PPE was largely influenced by the general economic climate and specifically on the sale of property. The response from the Property Industry was much lower than expected. A large number of properties were identified, approved for disposal and advertised per tender. A number of delays in the processes resulted in transactions not finalised in 2010/11 and the final results will only be reflected in the 2011/12 financial year.

Expenditure

i) Impairment costs
Variance mainly as a result of improved collection ratio's on Rates and Electricity and lower than planned land purchases for housing development.

ii) Collection costs
Variance due to lower than estimated tender price for commission payable to third party collection agencies for traffic fine income.

iii) Finance costs
Variance mainly due to a provision made for an additional bond to be taken up but not required as a result of the City's sound financial position and the maintenance of the customer debt recovery levels.

iv) General expenses
Lower than estimated expenditure against projects mainly as a result of delays in the implementation of various grant funding projects.

40.2.3 Cash flow statement

i) Net cash from operating activities
Mainly due to the government grants recognised being lower than expected due to the lower than expected capital expenditure.

ii) Net cash from investing activities
Mainly due to the lower than expected due to the lower than expected capital expenditure

40.2.4 Capital expenditure

i) Budget and Treasury Office
Corporate contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled as well as small amounts of savings being realised.

ii) Planning and Development
Disputed the last remaining works; late award of tender as well as rain delays during June; late change in the scope of the work programme activities resulted in extended project timeframes; contractor experienced financial difficulties resulting in the contract being cancelled and savings realised.

iii) Health
Late arrival of donor funding as well as receiving more in the current year than was anticipated; community interference regarding the appointment of the CLO, plans not approved by building control despite them being submitted well in advance and the slow rate of progress on site by the contractor; Eskom could not complete the installation at the facility because of a dispute with the City of Cape Town over the guarantee sum therefore the contractor was unable to complete the electrical work; savings realised.

iv) Community and Social Services
Late arrival of donor funding; savings realised; late appointment of consultants; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; delay in contractor appointment and inclement weather; delays in obtaining wayleaves; tender not awarded due to insufficient info and motivation and resolved that the matter be referred back; Heritage Western Cape required a conservation plan to be submitted to them prior to any works or alterations can take place; delay in obtaining a surety from the contractor and land issues.

v) Public Safety
Contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; savings realised; safety issues with respect to the structural steel framework of the building; quality of workmanship; re-negotiations required in order to finalise changes to the scope of work; Outcome of tender appeal was only communicated to the department on 28 June 2011.

vi) Sport and Recreation
Late arrival of donor funding ; contractors performing slower than anticipated; some projects started late due to capacity issues.

vii) Environmental Protection
Nature of the terrain; inclement weather; structural cracks were not anticipated; public objection which needed to be resolved before building plan approval could be obtained and savings realised.

viii) Road Transport
Late arrival of donor funding; departmental capacity constraints; tender appeals; underperformance of contractors and consultants; delays due to planning / EIA processes and savings realised.

ix) Housing
Project opposed by surrounding communities resulting in lengthy facilitation process; contractor stopped from working on site by community; delays in obtaining EIA, township, general plan and engineering design approvals. Land acquisition: offers to purchase declined by land owners or unrealistic prices offered; savings realised and contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled.

x) Waste Management
Tender appeals; wayleave approvals; contractor, vendor underperformance and supply constraints; long lead times; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; tender prices being lower than anticipated and savings realised.

xi) Water
Tender appeals; delay in Electricity supply by ESKOM; EIA process delays; inclement weather; wayleave approvals; contractor, vendor underperformance and supply constraints; community interference; long lead times; unexpected delays due to failed pressure tests; contingency provisions which are utilised for the replacement of assets as and when insurance claims are settled; tender prices being lower than anticipated and savings realised.

xii) Electricity
Savings realised; contractor, vendor underperformance and supply constraints; long lead time; suppliers could not deliver by financial year end; problems encountered on site after commencement of work; defects found on equipment mechanisms delivered has resulted in the project being delayed and tender process delays.

xiii) Other (Tourism)
Tender has been cancelled. Two tenders were received and one was disqualified. The other tender was rendered "Non Responsive" after the price was greater than the budget provision. The potential supplier was not prepared to negotiate the price with the City. Cancellation report to be submitted to Supply Chain Management for approval. Tender to be re-advertised in 2011/12 financial year. Savings realised.

41 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES

41.1 Irregular expenditure

	2011 R'000	2010 R'000
Opening balance	101 106	238
Irregular expenditure – supply chain management regulation (refer to below incidents)	86 058	101 106
Approved by Council	-	(238)
Closing balance	**187 164**	**101 106**

Incident	2011 R'000	2010 R'000
Proper tender procedures not followed due to oversight	-	7 247
Supply chain management policy on declarations of interest for quotations under R30 000 not fully adhered to in respect of suppliers found to be in the employ of the state	9 166	6 754
Supply chain management policy on declarations of interest for quotations under R200 000 not fully adhered to in all commodity types	36 772	28 997
One instance of the declaration of interest of a supplier in the employ of the state overlooked	210	105
Business conducted with a Councillor due to a delay in remedial action as a result of an overlap of election processes, and with staff due to omission of detail in their declarations	1 275	776
One instance of a supplier prohibition, and another of a legitimate company with a prohibited shareholder, not detected	5 272	4 394
Contracts not advertised for the full 30 day period as required due mainly to not having given account of the weekend at the end of the 30 days	33 363	52 833
Incidents for the year	**86 058**	**101 106**

The matters listed above are being investigated and due reporting process to Council will be followed. As a result of the audit process on irregular expenditure in the current year the comparative figures of the previous year have been adjusted to R101,11 million from a prior total of R7,25 million.

	2011 R'000	2010 R'000
41.2 Fruitless and wasteful expenditure		
Opening balance	431	948
Fruitless expenditure current year	-	168
Approved by Council	-	(685)
Closing balance	**431**	**431**

Incident	Disciplinary steps/criminal proceedings	2011 R'000	2010 R'000
Grants & subsidies (non-compliance MOA)	Referred to SCOPA for further investigation	-	140
FIFA World Cup costs	Referred to SCOPA for further investigation	-	28
Incidents for the year		**-**	**168**

41.3 *Material losses*

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

Non-revenue water

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

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

Electricity losses

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

42 *ADDITIONAL DISCLOSURES*

42.1 *SUPPLY CHAIN MANAGEMENT REGULATIONS*

42.1.1 *Deviations*

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

	2011 R'000	2010 R'000
Incident		
Appointment of consultants	41 068	105 566
Information technology upgrade	7 402	104 294
Upgrading of electricity services	3 344	5 938
Extension of contracts	518 289	19 969
Upgrading of road infrastructure	32 402	66 535
Supply and delivery of plant and equipment	59 430	339 294
Others	155 078	258 658
Deviations less than R200 000	290 999	267 525
Total amount condoned by Council	**1 108 012**	**1 167 779**

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

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

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

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

42.2 MUNICIPAL FINANCE MANAGEMENT ACT

42.2.1 Section 124

Disclosures concerning councillors, directors and officials

Councillors' arrear consumer accounts

As at 30 June 2011	**Total R**	**Outstanding <90 days R**	**Outstanding >90 days R**
FC Christians	6 526	580	5 946
EN Hinana	15 357	11 239	4 118
L Maci	1 859	95	1 764
CW Ipser	10 749	6 502	4 247
LD Jordaan	5 721	-	5 721
HK Morkel – Carthen investment (Pty) Ltd	47 040	-	47 040
N Ndzulwana	4 020	333	3 687
T Sakathi	1 964	782	1 182
M Weavers	4 379	1 102	3 277
GL Zondani	2 808	2 335	473
NC Nyakatya	1 614	975	639
Sub-total [1]	**102 037**	**23 943**	**78 094**
A Gabuza	7 239	811	6 428
T Gqada	20 612	-	20 612
FL Abrahams	9 841	700	9 141
VR Isaacs	43 678	17 226	26 452
LV James	17 807	1 495	16 312
CJ Mack	11 021	8 438	2 583
JJ Maxheke	14 880	944	13 936
AX Ndongeni	65 300	2 018	63 282
Sub-total [2]	**190 378**	**31 632**	**158 746**
Total	**292 415**	**55 575**	**236 840**

Note
1. The accounts have been paid in full at 31 August 2011.
2. In all other cases arrangements to pay have been made.

There were no arrear accounts as at **30 June 2010.**

42.2.2 Section 125

Other compulsory disclosures

As at 30 June 2011	**SALGA contributions R'000**	**Audit fees R'000**	**PAYE UIF R'000**	**Pension and medical aid R'000**
Opening balance	-	1 296	53 222	122 658
Subscriptions/fees	13 862	18 491	757 366	1 623 657
Amount paid - current year	-	(18 010)	(696 947)	(1 481 883)
Amount paid - previous years	(6 692)	(1 296)	(53 222)	(122 658)
Balance unpaid (included in payables)	**7 170**	**481**	**60 419**	**141 774**
As at 30 June 2010				
Opening balance	-	80	44 181	105 349
Subscriptions/fees	-	16 880	656 191	1 404 527
Amount paid - current year	-	(15 584)	(602 969)	(1 281 869)
Amount paid - previous years	-	(80)	(44 181)	(105 349)
Balance unpaid (included in payables)	**-**	**1 296**	**53 222**	**122 658**

43 COMMITMENTS

43.1 CAPITAL COMMITMENTS

	2011 R'000	2010 R'000
Commitments in respect of capital expenditure		
Approved and contracted for:		
Infrastructure	480 101	873 264
Community	141 212	19 673
Heritage	-	4 585
Other	277 215	766 025
TOTAL	**898 528**	**1 663 547**
This expenditure will be financed from:		
External loans	250 878	401 957
Capital Replacement Reserve	28 269	25 854
Government grants	612 494	1 228 569
Other sources	6 887	7 167
TOTAL	**898 528**	**1 663 547**

43.2 OPERATING LEASE COMMITMENTS

The City as lessee

Future minimum lease payments under non-cancellable operating leases

	2011 R'000	2010 R'000
Buildings	**56 420**	**97 840**
Payable within one year	44 559	48 077
Payable within two to five years	11 861	49 763
Vehicles and other equipment	**439**	**14 160**
Payable within one year	116	13 423
Payable within two to five years	254	605
Payable after five years	69	132
	56 859	**112 000**

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

The City has minimal current lease arrangements for photocopy and fax machines over a period of one year, without being subject to escalation. In terms of a recent Council policy decision, such leased equipment shall be purchased on termination of the relevant contract. In keeping with this policy, it has been decided to terminate lease agreements in respect of older equipment, where the initial period has expired, and the lease is continuing on a month-to-month basis. The 2010 comparative amount of R112,00 million has been restated from R106,47 million.

The City as lessor

Future minimum lease income under non-cancellable operating leases.

	2011 R'000	2010 R'000
Buildings	**477 375**	**503 213**
Receivable within one year	21 389	25 838
Receivable within two to five years	74 117	77 869
Receivable after five years	381 869	399 506
	477 375	**503 213**

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

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase in current-year income of R2,92 million. The 2010 comparative amount of R503,21 million has been restated from R123,53 million due to an enhancement of system applications and classifications.

44 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.

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

The accounting policy for financial instruments was applied to the following Statement of Financial Position items:

	Amortised cost R'000	Assets at fair value R'000	Cost R'000	Total carrying amount R'000	Fair value R'000
Financial assets					
2011					
Investments	161 771	2 096 302	38 768	2 296 841	2 318 089
Long-term receivables	134 719	-	-	134 719	134 719
Trade receivables	3 709 111	-	-	3 709 111	3 709 111
Other receivables	193 658	-	-	193 658	193 658
Cash and cash equivalents	1 609 521		1 541 736	3 151 257	3 001 967
	5 808 780	**3 638 038**	**38 768**	**9 485 586**	**9 357 544**
2010					
Investments	291 277	4 076	38 768	334 121	367 012
Long-term receivables	136 538	-	-	136 538	136 538
Trade receivables	3 361 410	-	-	3 361 410	3 361 410
Other receivables	320 984	-	-	320 984	320 984
Cash and cash equivalents	2 992 713	-	1 518 466	4 511 179	4 511 241
	7 102 922	**1 522 542**	**38 768**	**8 664 232**	**8 697 185**

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
Financial liabilities			
2011			
Long-term borrowings	5 649 189	5 649 189	6 241 866
Payables	2 536 071	2 536 071	2 536 071
	8 185 260	**8 185 260**	**8 185 260**
2010			
Long-term borrowings	5 902 516	5 902 516	5 930 721
Payables	2 399 002	2 399 002	2 399 002
	8 301 518	**8 301 518**	**8 301 518**

44.1 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 as required by IFRS7. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and the levels have been defined as follows:

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

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

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

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

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

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

44.2 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, trade receivables, and cash and cash equivalents.

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

	2011 R'000	2010 R'000
Investments – refer note 6	2 258 073	295 353
Loans receivable –refer note 7	134 719	136 538
Receivables and other receivables – refer note 9 and 10	3 902 769	3 682 394
Cash and cash equivalents – refer note 11	3 151 257	4 511 179
Total	**9 446 818**	**8 625 464**

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

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

Trade and other receivable

Trade and other 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 on managing its risk includes encouraging residents to install water management devices that control water flow to households, and 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 trade and other receivables. The outstanding amounts of the ten largest debtors represent 1,2% of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after due date. The City has provided fully for all receivables outstanding over 365 days. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of trade and other receivables is given in note 9 and 10.

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.

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

44.3 Liquidity risk

Liquidity risk is the risk that the City will not be 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 meets 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, 93,88% of trade and other receivables (own billed) income are realised within 30 days after due date, and trade payables are settled within 30 days of invoice. National and Provincial Grant funding is received in terms of the Division of Revenue Act (DORA).

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

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
2011				
Liabilities				
Borrowings	930 418	3 011 930	8 875 588	12 817 936
Capital repayments	305 353	627 901	4 715 935	5 649 189
Interest	625 065	2 384 029	4 159 653	7 168 747
Trade and other payables	2 536 071	-	-	2 536 071
Trade payables	2 152 151	-	-	2 152 151
Sundry creditors	383 920	-	-	383 920
	3 466 489	**3 011 930**	**8 875 588**	**15 354 007**

44.4 Capital management

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

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 within net debt is interest-bearing loans and borrowings, trade and other payables, less investments.

44.5 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 on 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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the City's income, or value of its holdings of financial instruments. 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 at 30 June 2011 are:

		Maturity of interest-bearing assets/liabilities			
	Weighted interest rate %	1 years or less R'000	1-5 years R'000	>5 years R'000	Total R'000
Financial assets					
Investments	6,484	2 146 596	47 822	63 655	2 258 073
Cash and cash equivalents	5,821	3 151 257	-	-	3 151 257
Total financial assets		**5 297 853**	**47 822**	**63 655**	**5 409 330**
Financial liabilities					
Loans	11,350	243 586	627 901	4 715 935	5 587 422
Finance leases	14,530	61 767	-	-	61 767
Total financial liabilities		**305 353**	**627 901**	**4 715 935**	**5 649 189**

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

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

45 PRIOR-YEAR ADJUSTMENTS

45.1 Changes in accounting policy

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

45.2 Reclassification

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

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

45.3 Correction of errors

A road constructed by a private developer and contributed to the City in terms of a covering proclamation had previously been omitted from the City's records and now accounted for.

Bulk water purchases in the previous financial year have been corrected as a result of a refund of amount overpaid.

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

Investment property disposed of and derecognised.

Accrual of contractual obligation regarding the payment of bonuses to employees remuneration at total cost of employment.

Irregular expenditure due to non-compliance with supply chain management regulations discovered in the current financial year relating to tenders awarded in the prior year.

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

45.4 Changes in accounting estimates

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

Presented below are only those items contained in the Statement of Financial Position and Performance that have been affected by the prior-year adjustments and the Cash flow statement was adjusted accordingly.

2009	**Note**	**As previously reported R'000**	**Changes in accounting policy R'000**	**Reclassification R'000**	**Correction of errors R'000**	**Restated R'000**
Statement of Financial Position						
Investments	6	236 143	-	46 843	-	282 986
Other receivables	10	443 946	-	(47 418)	-	396 528
Cash and cash equivalents	11	2 631 951	-	575	-	2 632 526
Long-term borrowings	12	3 811 963	(7 988)	22 463	-	3 826 438
Payables	16	2 835 166	-	(22 463)	-	2 812 703
VAT	19	145 302	-	-	(155 108)	9 806
Accumulated surplus	21	10 258 033	7 988	-	155 108	10 421 129
2010						
Statement of Financial Performance						
Exchange revenue						
Rental of letting stock and facilities	23	243 468	-	-	23 555	267 023
Other income	25	259 919	-	-	24	259 943
Gains on disposal of property, plant and equipment	-	79 142	-	-	(22)	79 120
Non-exchange revenue						
Fuel levy	-	-	-	1 371 610	-	1 371 610
Government grants and subsidies	27	4 491 668	-	(1 371 610)	-	3 120 058
Public contribution	28	83 949	-	-	997	84 946
Total revenue		18 540 505	-	-	24 554	18 565 059
Employee-related costs	29	5 586 988	-	-	12 448	5 599 436
Impairment costs	31	687 891	-	-	(6 579)	681 312
Finance cost	33	599 801	1 181	-	42 513	643 495
Bulk purchases	34	3 667 765	-	-	(30 876)	3 636 889
Repairs and maintenance	-	832 374	-	(832 374)	-	-
Contracted services	-	1 062 857	-	832 374	-	1 895 231
General expenses	36	2 656 364	-	-	(35 821)	2 620 543
Total expenditure		16 434 931	1 181	-	(11 736)	16 424 376
Surplus for the year		2 105 574	(1 181)	-	42 869	2 147 262
Statement of Financial Position						
Property, plant and equipment	1	19 947 252	-	-	997	19 948 249
Investment property	3	87 082	-	-	(22)	87 060
Other receivables	10	294 717	-	(29 629)	56 013	321 101
Investments	6	55 800	-	4 076	-	59 876
Cash and cash equivalents	11	4 486 176	-	25 003	-	4 511 179
Long-term borrowings	12	5 547 626	-	(6 585)	-	5 541 041
VAT	18	212 848	-	-	(161 687)	51 161
Payables	16	3 141 453	-	(91 907)	13 341	3 062 887
Current portion of long-term borrowing	12	262 983	-	98 492	-	361 475
Accumulated surplus	21	12 280 444	-	(550)	205 334	12 485 228

46 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 No. 24 of 1956), and include both defined benefit (DB) and defined contribution (DC) schemes. Contributions of R594,15 million (2010: R508,77 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

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

46.1 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%, 9% by the members, and 18% by their councils. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2010. The valuation indicates a break even actuarial result, and is 100% funded at the financial year end. The City is included amongst the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the Fund is a proviso that the assets provide a minimum return of 5,5% per annum failing which the local authorities associated with the Fund are required to fund the shortfall in direct proportion to the level of contributions made. As at the date of the financial statements, an assessment of the performance of the Fund's assets for the 2011 year had not been completed. Should the return of the assets be less than 5,5% the City could be liable for its portion of the shortfall in terms of the rules of the Fund. The City is currently engaged in a dispute, which relates to a shortfall in the return of the fund assets as contemplated above during the 2008 and 2009 financial years, for an amount of R96,0 million and interest of R20,4 million. A provision of R96,0 million has been included in Other provisions in note 15.

SALA Pension Fund (multi-employer fund)

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

46.2 DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund (multi-employer fund)

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

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

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

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is sufficient to fund the benefits accruing from the fund in the future.

The last actuarial valuation of the fund was undertaken at 30 June 2009.

National Fund for Municipal Workers (multi-employer fund)

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

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

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2005, and the fund was certified as being in a financially sound position. A statutory valuation will be performed as at 30 June 2008 once the 30 June 2008 audited financial statements have been finalised.

46.3 DEFINED BENEFIT AND DEFINED CONTRIBUTION SCHEME

Cape Municipal Pension Fund

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

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

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

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

46.4 POST-EMPLOYMENT DEFINED BENEFITS

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 at 30 June 2011, were 10 884 (2010: 11 486) in-service members and 6 469 (2010: 6 511) pensioners.

46.4.1 Health-care arrangement assumptions

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

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

Continuation of membership

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

Family profile

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

Plan assets

There are currently no long-term assets 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 as at 30 June 2011 has been discounted at a rate determined on the basis of the yield of 8,69% per annum on Government bonds.

46.4.2 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 2011 was 44 (2010: 45) in-service employees and 135 (2010: 140) pensioners.

Plan assets

There are currently no long-term assets 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 2011 has been discounted at a 8,36% per annum rate determined on the basis of the market yields on Government bonds.

Post-retirement scheme defined-benefit obligations

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

The contributions paid are actual contributions paid by the 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.

Sensitivity analysis

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

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

47 GUARANTEES AND CONTINGENT LIABILITY

47.1 Guarantees

The City issued the following guarantees:

- A bank guarantee of R823 446 (2010: R346 727) as security for the lease of property.

47.2 Other contingent liabilities

Contractual disputes

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

Outstanding insurance claims

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

48 RELATED PARTY DISCLOSURES

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

	2011 R'000	2010 R'000
Cape Town International Convention Centre (Pty) Ltd		
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 amounted to R2,77 million (2010: R0,45 million).		
Percentage owned	50,18%	50,18%
Arm's length transactions for the year:		
Receivables	2 766	448
Service charges	15 997	11 795
Khayelitsha Community Trust		
The trust was established to promote economic activities for the upliftment of the local community. At year-end, the amount owing by the trust to the City amounted to R1,29 million (2009: R1,18 million).		
Percentage owned	Trust	
Arm's length transactions for the year:		
Receivables	1 104	1 183
Grants	5 401	6 866
City Improvement Districts (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. At year-end, there were no balances due by the CID's to the City.		
Percentage owned	Special rating area's	
Arm's length transactions for the year:		
Receivables	(2)	-
Service charges	22	16
Levies	78 967	66 648

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

	2011 R'000	2010 R'000
Percentage owned	Administrator	
Funds held on behalf of Inter administrator fund	76 488	90 907
Grants and transfers received	32 824	90 138
Interest paid	5 055	10 082
Revenue collected	4 080	5 205

Councillors

A number of councillors of the City hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. Accordingly, the following are considered to be such entities:

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

Executive Management Team

No business transactions took place between the City of Cape Town and key management personnel (City Manager and Executive Directors) and their close family members during the year under review. Details relating to remuneration are disclosed in note 30.

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

Appendix B: Analysis of Property, Plant and Equipment as at 30 June 2011

	COST					ACCUMULATED DEPRECIATION						
	Opening balance	Transfers/ adjustments	Additions	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Impairments	Additions	Disposals	Closing balance	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS												
Land	619 681	1 862	36 766	(241)	658 068	(224 088)	(1)	(9 866)	-	-	(233 955)	424 113
Buildings and land	2 438 454	76 692	73 620	-	2 588 766	(1 158 396)	122 524	-	(78 201)	-	(1 114 073)	1 474 693
	3 058 135	**78 554**	**110 386**	**(241)**	**3 246 834**	**(1 382 484)**	**122 523**	**(9 866)**	**(78 201)**	**-**	**(1 348 028)**	**1 898 806**
INFRASTRUCTURE												
Assets under construction	3 029 840	(1 874 849)	904 803	-	2 059 794	-	-	-	-	-	-	2 059 794
Drains	491 151	65 350	11 115	-	567 616	(203 004)	-	-	(16 293)	-	(219 297)	348 319
Roads	3 908 336	887 463	280 333	-	5 076 132	(1 569 813)	-	-	(112 849)	-	(1 682 662)	3 393 470
Beach improv ements	27 405	8 686	171	-	36 262	(18 248)	-	-	(431)	-	(18 679)	17 583
Sewerage mains and purification	1 362 264	666 441	104 521	-	2 133 226	(446 280)	(82 478)	-	(87 990)	-	(616 748)	1 516 478
Electricity mains	463 928	48 394	5 413	-	517 735	(196 898)	(27 752)	-	(26 794)	-	(251 444)	266 291
Electricity peak load equipment	3 485 230	108 232	515 942	(17 361)	4 092 043	(1 242 819)	(14 853)	-	(143 683)	17 360	(1 383 995)	2 708 048
Water meters and mains	100 672	74 742	1 213	-	176 627	(16 560)	-	-	(6 705)	-	(23 265)	153 362
Reserv oirs - water	397 186	46 587	1 110	-	444 883	(261 566)	-	-	(16 367)	-	(277 933)	166 950
Water mains and purification	1 881 922	56 200	8 260	-	1 946 382	(933 429)	(83)	-	(64 757)	-	(998 269)	948 113
	15 147 934	**87 246**	**1 832 881**	**(17 361)**	**17 050 700**	**(4 888 617)**	**(125 166)**	**-**	**(475 869)**	**17 360**	**(5 472 292)**	**11 578 408**
COMMUNITY ASSETS												
Assets under construction	258 122	(184 142)	74 943	-	148 923	-	-	-	-	-	-	148 923
Parks and gardens	31 670	15 905	955	-	48 530	(4 383)	-	-	(1 272)	-	(5 655)	42 875
Libraries	175 785	9 348	11 876	-	197 009	(51 288)	-	-	(3 162)	-	(54 450)	142 559
Recreation facilities	4 343 963	7 528	62 706	-	4 414 197	(137 435)	-	-	(201 912)	-	(339 347)	4 074 850
Civ ic buildings	661 736	322 066	65 534	-	1 049 336	(235 300)	(124 888)	-	(25 985)	-	(386 173)	663 163
	5 471 276	**170 705**	**216 014**	**-**	**5 857 995**	**(428 406)**	**(124 888)**	**-**	**(232 331)**	**-**	**(785 625)**	**5 072 370**
LEASED ASSETS												
Infrastructure and other	398 121	(163 413)	-	(338)	234 370	(284 386)	128 458	-	(13 188)	338	(168 778)	65 592
	398 121	**(163 413)**	**-**	**(338)**	**234 370**	**(284 386)**	**128 458**	**-**	**(13 188)**	**338**	**(168 778)**	**65 592**
OTHER ASSETS												
Assets under construction	506 957	(336 633)	347 211	-	517 535	-	-	-	-	-	-	517 535
Landfill sites	514 044	45 516	31 970	(31 745)	559 785	(196 655)	-	-	(52 061)	(7 439)	(256 155)	303 630
Office equipment	205 499	4 211	42 753	(4 960)	247 503	(113 614)	(22)	-	(25 184)	4 161	(134 659)	112 844
Furniture and fittings	181 450	26 676	11 358	(7 070)	212 414	(94 355)	(16)	-	(22 611)	6 328	(110 654)	101 760
Bins and containers	34 793	978	16 243	(784)	51 230	(29 186)	(2)	-	(4 416)	673	(32 931)	18 299
Emergency equipment	33 716	540	1 323	(678)	34 901	(20 977)	6	-	(4 471)	648	(24 794)	10 107
Motor v ehicles	1 045 876	34 608	86 400	(19 910)	1 146 974	(515 489)	1 495	-	(144 396)	17 398	(640 992)	505 982
Fire engines	106 079	27	171	(114)	106 163	(36 648)	-	-	(3 890)	114	(40 424)	65 739
Refuse trucks	551 348	2 443	40 251	(9 252)	584 790	(251 927)	(1 602)	-	(46 334)	9 975	(289 888)	294 902
Computer equipment	877 202	24 610	98 692	(21 474)	979 030	(563 840)	(162)	-	(119 220)	20 815	(662 407)	316 623
Animals	214	-	28	-	242	(19)	-	-	(37)	-	(56)	186
Watercraft	1 111	-	135	-	1 246	(360)	-	-	(424)	-	(784)	462
	4 058 289	**(197 024)**	**676 535**	**(95 987)**	**4 441 813**	**(1 823 070)**	**(303)**	**-**	**(423 044)**	**52 673**	**(2 193 744)**	**2 248 069**
HOUSING RENTAL STOCK	**1 152 883**	**7 731**	**11 621**	**(6 361)**	**1 165 874**	**(531 426)**	**1**	**-**	**(26 662)**	**3 759**	**(554 328)**	**611 546**
TOTAL	**29 286 638**	**(16 201)**	**2 847 437**	**(120 288)**	**31 997 586**	**(9 338 389)**	**625**	**(9 866)**	**(1 249 295)**	**74 130**	**(10 522 795)**	**21 474 791**
HERITAGE ASSETS												
Assets under construction	1 660	(9)	1 901	-	3 552	-	-	-	-	-	-	3 552
Painting and art galleries	8 342	-	30	(10)	8 362	-	-	-	-	-	-	8 362
	10 002	**(9)**	**1 931**	**(10)**	**11 914**	**-**	**-**	**-**	**-**	**-**	**-**	**11 914**
INVESTMENT PROPERTIES	**129 593**	1 019	-	-	**130 612**	**(42 533)**	(482)	-	(2 598)	-	**(45 613)**	**84 999**
INTANGIBLE ASSETS	**303 709**	14 875	8 393	-	**326 977**	**(272 000)**	114	-	(10 207)	-	**(282 093)**	**44 884**
ASSETS HELD-FOR-SALE	**89**	315	-	(1)	**403**	**(23)**	(254)	-	-	-	**(277)**	**126**
TOTAL	**29 730 031**	**(1)**	**2 857 761**	**(120 299)**	**32 467 492**	**(9 652 945)**	**3**	**(9 866)**	**(1 262 100)**	**74 130**	**(10 850 778)**	**21 616 714**

2010 Actual income R'000	2010 Actual expenditure R'000	2010 Surplus/(Deficit) R'000	Business Unit	2011 Actual income R'000	2011 Actual expenditure R'000	2011 Surplus/(Deficit) R'000
			Rates and General			
2 774	11 914	(9 140)	Executive and Council	5 283	34 752	(29 469)
7 711 404	2 121 163	5 590 241	Budget and Treasury Office	8 817 012	2 367 400	6 449 612
334 445	711 460	(377 015)	Corporate Services	228 387	784 401	(556 014)
138 568	494 155	(355 587)	Planning and Development	154 306	529 788	(375 482)
265 626	640 685	(375 059)	Health	320 160	725 869	(405 709)
76 064	522 921	(446 857)	Community and Social Services	78 926	574 382	(495 456)
237 768	1 614 519	(1 376 751)	Public Safety	253 718	1 671 642	(1 417 924)
621 928	1 395 393	(773 465)	Sport and Recreation	200 057	1 453 551	(1 253 494)
17 953	155 805	(137 852)	Environmental Protection	24 040	184 906	(160 866)
1 100 193	1 210 899	(110 706)	Road Transport	771 696	1 428 163	(656 467)
			Housing			
670 171	855 743	(185 572)	Housing	701 646	773 800	(72 154)
			Utility Services			
1 496 152	1 395 809	100 343	Waste Management	1 814 046	1 703 605	110 441
1 482 127	1 394 275	87 852	Wastewater Management	1 513 986	1 553 237	(39 251)
2 442 462	2 460 939	(18 477)	Water	2 856 865	2 988 188	(131 323)
6 326 431	5 735 870	590 561	Electricity	7 527 519	6 703 459	824 060
			Other			
3 557	58 811	(55 254)	Tourism	2 141	60 463	(58 322)
22 927 623	**20 780 361**	**2 147 262**	Sub-total	**25 269 788**	**23 537 606**	**1 732 182**
4 362 564	4 362 564	-	Less: Inter-departmental charges	4 889 102	4 889 102	-
18 565 059	**16 417 797**	**2 147 262**	**Total**	**20 380 686**	**18 648 504**	**1 732 182**

National and Provincial grant funds 2010/2011

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
National Government									
2010 FIFA World Cup™: Green Point	Sport and Recreation	(93 555)	-	-	27 780	57 997	(2 410)	-	(10 188)
Accreditation: Development Support	Human Settlements	(3 386)	-	-	227	64	-	-	(3 095)
Budget Reform Funds	National Treasury	(2 025)	(1 000)	-	832	1 777	-	-	(416)
Department of Environmental Affairs and Tourism	Environmental Affairs	(15 114)	(9 453)	7 863	13 426	6	(584)	-	(3 856)
INEP	Energy	(11)	(7 018)	-	-	4 434	-	-	(2 595)
Energy efficiency electricity demand side management	Energy	(990)	(17 544)	-	-	17 010	-	-	(1 524)
Health and hygiene education: Informal settlement	Water	(370)	-	-	312	-	-	-	(58)
ICLEI World Congress (B)	Environmental Affairs	(6)	-	-	-	-	-	-	(6)
Khayelitsha Wall of Remembrance	Arts and Culture	(261)	-	-	-	-	-	-	(261)
LGSETA: Environmental Internship Programme	Environmental Affairs	-	(504)	-	250	-	-	-	(254)
Mitchells Plain: Training Life Skills and Horticulture	National Treasury	(18)	-	-	-	-	-	-	(18)
Municipal Infrastructure Grants	National Treasury	-	(383 726)	70 407	2 479	247 294	-	-	(63 546)
Municipal Systems Infrastructure Grant	Cooperative Governance	(2 193)	-	-	-	-	-	-	(2 193)
Neighbourhood Development Programme	National Treasury	-	(100 900)	2 848	-	47 141	(1 127)	-	(52 038)
Princess Vlei Sports Complex	National Treasury	(5)	-	-	-	-	-	-	(5)
Public Transport Infrastructure	Transport	(432 193)	(469 179)	-	31 885	472 777	(30 011)	-	(426 721)
Restructuring Grant - Seed Funding	National Treasury	(18 780)	-	-	1 911	6 931	-	-	(9 938)
Sale of Land State Deptartment Public Works	Public Works	(50 857)	-	-	-	-	(3 038)	-	(53 895)
Sanitation to Informal Settlements	Water	(541)	-	-	-	-	-	-	(541)
Smart Living Handbook	Water	(62)	-	-	-	-	(4)	-	(66)
Urban Renewal	National Treasury	(60 024)	(25 148)	-	7 528	3 980	-	-	(73 664)
Water Demand Side Management	Water	(8 453)	(9 286)	-	2 915	6 577	-	-	(8 247)
Wetton / Lansdowne Corridor	National Treasury	(11 763)	-	-	-	-	-	-	(11 763)
Youth Internship Programme	National Treasury	(2 316)	-	-	-	-	(138)	-	(2 454)
Total national government transfers and grants		**(702 923)**	**(1 023 758)**	**81 118**	**89 545**	**865 988**	**(37 312)**	**-**	**(727 342)**
Provincial Government Western Cape									
2010 FIFA World Cup™: Green Point	Transport and Public Works	-	(2 000)	-	2 000	-	-	-	-
ABET Adult Education	Education	(4)	(4)	-	-	-	-	-	(8)
Accreditation Assistance	Human Settlements	-	(5 000)	(5 000)	251	-	(336)	-	(10 085)
Athlone Stadium Generag Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	-	(1 742)
Atlantis - Wesfleur Ext 13	Human Settlements	(332)	-	-	10	-	-	-	(322)
Atlantis Community Development	Cultural Affairs and Sport	(39)	-	-	-	-	(2)	-	(41)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Belhar Pentech	Human Settlements	-	(132)	-	-	-	-	-	(132)
Bloekombos Informal Business Facilities	Human Settlements	(146)	-	-	-	-	-	-	(146)
Blue Downs Golf Club House	Cultural Affairs and Sport	(26)	-	-	-	-	-	-	(26)
Bokmakierie / Hazendal Infill	Human Settlements	-	(3 087)	-	48	358	-	-	(2 681)

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

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Bonteheuwel Multi Purpose Centre	Cultural Affairs and Sport	(1 268)	-	547	-	-	(45)	-	(766)
Browns Farm Phase 3, 4, 5, 6	Human Settlements	(11 634)	-	-	4	-	-	-	(11 630)
Contractor Built Houses	Human Settlements	(6 082)	(44 066)	3 967	37 234	-	(766)	-	(9 713)
CBO Freedom Park	Human Settlements	(78)	-	-	7	-	-	-	(71)
Chemical toilets in Wallacedene	Human Settlements	(23)	-	-	-	-	(1)	-	(24)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Civic Amenities - Hartleyvale	Cultural Affairs and Sport	(4)	-	-	-	-	-	-	(4)
Clinics: HIV/AIDS and TB Programme	Health	(13)	-	-	-	-	-	-	(13)
Coastal Zone Development Guidelines Framework	Environmental Affairs and Development Planning	(54)	-	-	-	-	(3)	-	(57)
Community Residential Units	Human Settlements	(52 765)	(248 616)		1 158	190 565	-		(109 658)
Delft Communtiy Facilities	Cultural Affairs and Sport	(97)	-	-	-	-	(6)	-	(103)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sportsfield Development	Cultural Affairs and Sport	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(5 457)	-	-	155	-	-	-	(5 302)
Delft: The Hague	Human Settlements	-	(4)	-	-	-	-	-	(4)
Dial-A-Ride	Transport and Public Works	-	(12 633)	-	4 182	-	(247)	-	(8 698)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	(5 440)	4 061	6 719	-	-	(5 340)	-
Driftsands UISP	Human Settlements	(260)	-	-	-	-	-	-	(260)
Du Noon Phase 1: Transfers	Human Settlements	(286)	-	-	-	-	-	-	(286)
E Business Project	Treasury	(1 616)	-	-	-	-	(97)	-	(1 713)
ECHO Road Housing Project	Human Settlements	(34)	-	-	-	-	-	-	(34)
Edward Road Energy Efficient Project	Human Settlements	(2 500)	-	-	94	-	(33)	-	(2 439)
Enkanini Housing Project	Human Settlements	(3 570)	(137)	-	27	194	-	-	(3 486)
Establishment Grants	Human Settlements	(1 281)	(573)	37	480	-	(80)		(1 417)
Facilitation Grants	Human Settlements	(112)	(104)		40	-	(8)		(184)
Fire Detection Surveillance Cameras	Human Settlements	(61)	-	-	-	-	(4)	-	(65)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Glencairn Wetlands	Environmental Affairs and Development Planning	(10)	-	-	-	-	-	-	(10)
Global Fund	Health	(2 501)	(15 335)	243	19 031	-	(140)	(3 695)	(2 397)
Government Grant (Community Dev. Workers)	Human Settlements	(1 000)	-	178	-	-	(59)	-	(881)
Green Point Phase 2 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Green Point Stadium - Sport and Recreation	Cultural Affairs and Sport	(4)	-	-	-	-	-	-	(4)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Guguletu Seven Memorial	Cultural Affairs and Sport	(40)	-	-	-	-	(2)	-	(42)
Hangberg Housing Project	Human Settlements	(94)	(207)	-	413	42	-	(206)	(52)
Happy Valley - Blackheath	Human Settlements	(659)	(53 892)	-	110	502	-	-	(53 939)
Harmone Oord - Outdoor Development	Cultural Affairs and Sport	(397)	-	-	-	-	-	-	(397)
HCE Manuals (Housing Consumer Education)	Human Settlements	(330)	-	-	14	-	(19)	-	(335)
Health - Strandfontein Clinic	Health	(99)	-	-	-	-	-	-	(99)

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Health - Upgrade Vuyani Clinic	Health	(76)	-	-	-	-	-	-	(76)
Healthy Cities	Health	(44)	-	-	-	-	-	-	(44)
Heideveld Housing Infill	Human Settlements	-	-	-	-	619	-	(619)	-
Helicopter Standby	Local Government	(96)	(335)	-	434	-	(6)	-	(3)
HIV/AIDS Community Based Response Projects	Health	-	(53 084)	7 318	52 362	-	-	(6 596)	-
Hostels Phase 2, 6a	Human Settlements	(976)	-	-	-	-	-	-	(976)
Housing Land Acquisitions	Human Settlements	-	(10 051)	-	-	10 051	-	-	-
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(397)	(864)	-	676	-	-	-	(585)
Jakkelsvlei Canal Upgrading	Human Settlements	(12 000)	-	-	-	1 536	-	-	(10 464)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kewtown Infill Development	Human Settlements	(327)	-	-	5	57	-	-	(265)
Khatelitsha Development of Rememberance Square	Economic Development and Tourism	(16)	-	-	-	-	(1)	-	(17)
Khayelitsha DIY Home Insulation Kit	Human Settlements	(45)	-	-	-	-	-	-	(45)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(751)	-	-	-	9	(45)	-	(787)
Khayelitsha Netball Courts	Cultural Affairs and Sport	(12)	-	-	-	-	-	-	(12)
Khayelitsha Poverty Reduction Programme	Social Services	(2 379)	-	-	-	-	(142)	-	(2 521)
Khayelitsha Site C Subsidies	Human Settlements	(21 900)	-	-	3 831	-	(1 300)	-	(19 369)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(250)	-	-	-	-	-	-	(250)
Kuyasa T3v1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(141)	-	-	-	35	-	-	(106)
Libraries - Browns Farm	Cultural Affairs and Sport	(17)	-	(51)	-	68	-	-	-
Libraries Phillipi East	Cultural Affairs and Sport	(51)	-	51	-	-	-	-	-
Library Service Book Fund	Cultural Affairs and Sport	(570)	-	-	569	-	-	-	(1)
Local Government Water and Related Services	Environmental Affairs and Development Planning	(11)	-	-	-	-	-	-	(11)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Luvuyo Clinic Extension	Health	-	(17)	-	-	211	-	(194)	-
Macassar Civic Node	Human Settlements	(54)	-	-	-	-	-	-	(54)
Macassar Treatment Works	Environmental Affairs and Development Planning	-	(8 000)	-	-	-	-	-	(8 000)
Mandela Park Sports Field: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Infill/the Downs	Human Settlements	(2)	-	-	-	-	-	-	(2)
Manenberg Sport Complex Upgrade Gms	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(65)	-	-	9	-	-	-	(56)
Masiphumelele	Human Settlements	(6 338)	(5 067)	-	8 970	-	(227)	-	(2 662)

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Melkbosch Village	Human Settlements	(835)	-	-	745	-	-	-	(90)
Metropolitan Transport Board	Transport and Public Works	-	-	(32 824)	2 513	30 311	-	-	-
Mfuleni EPH Tra	Human Settlements	-	(14 592)	-	12 813	-	-	-	(1 779)
Mfuleni Ext 3, 4 Housing	Human Settlements	(291)	(241)	-	34	-	-	-	(498)
Mfuleni Flood Relief Project	Human Settlements	(3 212)	-	-	145	-	-	-	(3 067)
Mfuleni MLS Top structures	Human Settlements	(231)	-	-	16	-	-	-	(215)
Mitchell's Plain Infill Phase 1	Human Settlements	(4 570)	-	-	811	651	-	-	(3 108)
Mitchell's Plain Youth and Family Development Centre	Social Development	(618)	-	-	-	-	(37)	-	(655)
Mitchell's Plein TA2	Human Settlements	(1 563)	(2 361)	-	3 555	-	-	-	(369)
Morgan Vill3/Western Cape (IPH) (CTCHC)	Human Settlements	(888)	-	-	-	-	(53)	-	(941)
National Imbizo Focus Week	Premier	(240)	-	-	-	-	-	-	(240)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Phase 2/Makhaza	Human Settlements	(1 309)	-	-	745	49	-	-	(515)
Nutrition Supplement Program	Health	(701)	(2 633)	-	3 454	-	-	(120)	-
Nyanga Upgrading Project	Human Settlements	(839)	-	-	139	941	-	(241)	-
Ocean View / Mountain View	Human Settlements	(5)	(9 900)	299	-	9 964	-	(368)	(10)
Oliver Tambo Drive Public Space Phase 1	Human Settlements	(52)	-	-	-	-	-	-	(52)
Parks and Bathing - Nyanga Soccer	Cultural Affairs and Sport	(1)	-	-	-	-	-	-	(1)
Philippi East Top Structures	Human Settlements	(1 945)	(18 618)	-	16 913	-	-	-	(3 650)
Philippi Planning for Development	Environmental Affairs and Development Planning	(140)	-	-	-	-	(8)	-	(148)
Phillipi East Market	Agriculture	(737)	-	-	149	-	(40)	-	(628)
Phillipi East Phase 5	Human Settlements	(148)	-	-	118	-	-	-	(30)
Phillipi Park Flooding	Human Settlements	(1 363)	-	-	-	389	-	-	(974)
Phillippi East Market	Agriculture	(501)	-	-	-	-	(30)	-	(531)
Phoenix UISP, Top Structure	Human Settlements	(215)	-	37	4	73	-	(41)	(142)
Peoples Housing Process	Human Settlements	(34 411)	(35 337)	377	39 240	-	(2 131)	-	(32 262)
Phumlani Transfers	Human Settlements	(24)	(8)	-	8	-	-	-	(24)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	-	(2 000)	-	810	-	(21)	-	(1 211)
Public Library Fund	Cultural Affairs and Sport	(2 417)	(24 267)	-	14 194	9 756	(600)	-	(3 334)
RDP Discretionary Fund Toilets Marconi Beam	Treasury	(45)	-	-	-	-	-	-	(45)
Redhill Informal Settlement	Human Settlements	(230)	-	-	-	-	(14)	-	(244)
River Clean and Green Project	Environmental Affairs and Development Planning	(339)	-	-	-	-	(20)	-	(359)
Rondevlei Housing Project	Human Settlements	(235)	(345)	-	-	338	-	-	(242)
Sanral Emergency Project 1600 Units	Human Settlements	(6 156)	(28 139)	-	156	26 050	-	-	(8 089)
SEFP: Kewtown Flats	Human Settlements	-	-	-	-	1 650	-	(1 650)	-
Sercor Park	Human Settlements	-	(10 743)	44	8 065	1 930	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(5 721)	-	-	546	-	-	-	(5 175)

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Site C Survey and Subdivision	Human Settlements	(3 509)	-	-	752	880	-	-	(1 877)
Soccer Club Development Fund	Cultural Affairs and Sport	(116)	-	-	-	-	-	-	(116)
Somerset West Housing Project	Human Settlements	-	(5 000)	378	-	990	-	-	(3 632)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Spatial Planning District Plans	Environmental Affairs and Development Planning	(2)	-	-	-	-	-	-	(2)
Stilwaney Child Care Centre	Cultural Affairs and Sport	(32)	-	-	-	-	-	-	(32)
Stormwater CRCH Prov Bulk	Environmental Affairs and Development Planning	(387)	-	-	-	-	-	-	(387)
Stormwater Culver Lotus Canal	Environmental Affairs and Development Planning	(90)	-	-	-	-	-	-	(90)
Strandfontein Baths	Cultural Affairs and Sport	(3)	-	-	-	-	-	-	(3)
Streets - Crossroads	Transport and Public Works	(149)	-	-	-	-	-	-	(149)
Swartklip Sports Facility	Cultural Affairs and Sport	(87)	-	-	-	-	-	-	(87)
Table Mountain Biosphere	Environmental Affairs and Development Planning	(204)	-	-	68	-	-	-	(136)
Tafelsig Area L: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tafelsig Multi - Purpose Centre	Cultural Affairs and Sport	(519)	-	-	-	-	-	-	(519)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(1 803)	(11 837)	-	12 431	-	-	-	(1 209)
Temperance Town	Human Settlements	-	(1 817)	-	-	1 935	-	(118)	-
Testing Facilities: Learner's Driving	Transport and Public Works	(10)	-	-	-	-	-	-	(10)
Tsoga Environmental Resource Centre	Human Settlements	(251)	-	-	-	-	-	-	(251)
Upgrade Heinz Park Hall	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement STN Nodes	Environmental Affairs and Development Planning	(26)	-	-	-	-	-	-	(26)
Vaccines	Health	-	(49 891)	3 642	56 974	-	-	(10 726)	(1)
Vehicle Impound Facility Maitland	Transport and Public Works	-	(2 900)	-	-	-	(59)	-	(2 959)
Vrygrond	Human Settlements	(32)	(19)	-	19	-	-	-	(32)
Vrygrond (EPH)	Human Settlements	(273)	-	-	37	-	(15)	-	(251)
Wallacedene Phase 3, 4 ,5, 6, 7, 8, 9, 10 Housing Project	Human Settlements	(20 299)	(23)	-	2 711	365	-	(40)	(17 286)
Walladence Civil Service Investigation	Environmental Affairs and Development Planning	(28)	-	-	-	-	-	-	(28)
Wesbank and Happy Valley - Uluntu Plaza	Human Settlements	(123)	-	-	-	-	-	-	(123)
Wesbank Sport Complex	Cultural Affairs and Sport	(6)	-	-	-	-	-	-	(6)
Witsand Housing Project Phase I, 2	Human Settlements	(2 057)	(30 443)	-	780	16 809	-	-	(14 911)
Total provincial government transfers and grants		**(246 903)**	**(719 762)**	**(16 696)**	**317 778**	**307 328**	**(6 597)**	**(29 954)**	**(394 806)**
Total national government transfers and grants		**(702 923)**	**(1 023 758)**	**81 118**	**89 545**	**865 988**	**(37 312)**	**-**	**(727 342)**
Total provincial government transfers and grants		**(246 903)**	**(719 762)**	**(16 696)**	**317 778**	**307 328**	**(6 597)**	**(29 954)**	**(394 806)**