



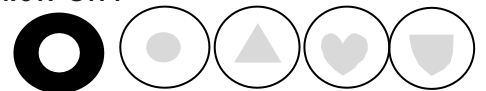
CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

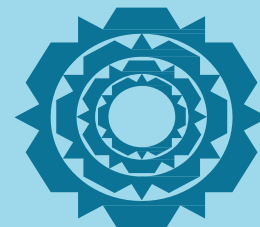
FOR THE YEAR ENDED 30 JUNE 2021

AUDITED

WELL RUN CITY



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## REPORTING ENTITY'S MANDATE

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

The principal activities of the City are to:

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

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



## APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENT

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2021, as set out on pages 10 to 112 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 39.2.2 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this act.

A handwritten signature in black ink, consisting of a large, stylized 'L' and 'M' followed by a vertical line.

*LM*  
Lungelo Mbandazayo  
City Manager

*29* September 2021

# REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

## Report on the audit of the consolidated and separate financial statements

CONTENT TO COME

**REPORT OF THE AUDITOR-GENERAL (continued)**

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

**Report on the audit of the consolidated and separate financial statements (continued)**

CONTENT TO COME

**REPORT OF THE AUDITOR-GENERAL (continued)**

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

**Report on the audit of the consolidated and separate financial statements (continued)**

CONTENT TO COME

**REPORT OF THE AUDITOR-GENERAL (continued)**

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

**Report on the audit of the consolidated and separate financial statements (continued)**

CONTENT TO COME



## GENERAL INFORMATION

AS AT 30 JUNE 2021



### BANKERS

Nedbank Limited  
135 Rivonia Campus  
135 Rivonia Road  
Sandown  
Sandton  
2196

PO Box 1144  
Johannesburg  
2000

### AUDITORS

The Auditor-General of South Africa  
No 17 Park Lane Building  
Park Lane  
Century City  
7441

Private Bag X1  
Chempet  
7442

### REGISTER OFFICE

City of Cape Town  
12 Hertzog Boulevard  
Cape Town  
8001

PO Box 655  
Cape Town  
8000

## GENERAL INFORMATION (continued)

AS AT 30 JUNE 2021

### MEMBERS OF THE MAYORAL COMMITTEE

**Executive Mayor**

Ald D Plato

**Deputy Mayor, Finance**

Ald I Neilson

**Community Services and Health**

Cllr Z Badroodien

**Corporate Services**

Cllr S Cottle

**Economic Opportunities and Asset Management**

Ald J Vos

**Energy and Climate Change**

Cllr P Maxifi

**Human Settlements**

Cllr M Booï

**Safety and Security**

Ald JP Smith

**Spatial Planning and Environment**

Ald M Nieuwoudt

**Transport**

Ald D Plato (acting)

**Urban Management**

Ald G Twigg

**Water and Waste**

Ald X Limberg

### EXECUTIVE MANAGEMENT TEAM

**City Manager**

L Mbandazayo

**Chief Financial Officer**

K Jacoby

**Community Services and Health**

E Sass

**Corporate Services**

CJ Kesson

G Kenhardt (acting while CJ Kesson was the appointed Covid-19 crisis coordinator)

**Economic Opportunities and Asset Management**

R Gelderbloem (acting)

**Energy and Climate Change**

K Nassiep

**Human Settlements**

N Gqiba

**Safety and Security Services**

V Botto (acting)

**Spatial Planning and Environment**

H Naude (acting)

**Transport**

D Campbell

**Urban Management**

B Gerber (acting)

**Water and Waste Services**

M Webster

### MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

**Chairperson**

D Singh

**Members**

M Burton

L Nene

P Dala

S Mzizi

### OTHER

**Speaker**

Ald F Purchase

**Chief Whip**

Cllr D Visagie

## GENERAL INFORMATION (continued)

AS AT 30 JUNE 2021

### Council members of the City of Cape Town

Ald A Abrahams  
Ald EP Andrews  
Ald R Arendse  
Ald AJG Basson  
Ald RA Bazier  
Ald GV Cavanagh  
Ald PH Chapple  
Ald GD Fourie  
Ald BM Jacobs  
Ald WD Jafftha  
Ald C Jordaan  
Ald CR Justus  
Ald ML Kempthorne  
Ald NJ Landingwe  
Ald XT Limberg  
Ald GW March  
Ald S Moodley  
Ald ID Neilson  
Ald MJ Nieuwoudt  
Ald D Plato  
Ald SB Pringle  
Ald FA Purchase  
Ald SJ Rossouw  
Ald JP Smith  
Ald X Sotashe  
Ald TB Thompson  
Ald GG Twigg  
Ald TA Uys  
Ald JFH van der Merwe  
Ald A van der Rheede  
Ald J Vos  
Ald BRW Watkyns  
Cllr FL Abrahams  
Cllr MR Abrahams  
Cllr MF Achmat  
Cllr A Adams  
Cllr A Adams  
Cllr R Adams  
Cllr Y Adams  
Cllr M Adonis  
Cllr ZC Adonis  
Cllr FK Ah-Sing  
Cllr WJ Akim  
Cllr E Anstey

Cllr DE Badela  
Cllr ZA Badroodien  
Cllr MK Bafo  
Cllr UM Barends  
Cllr S Batala  
Cllr TM Batembu  
Cllr AM Benadie  
Cllr R Beneke  
Cllr CB Bew  
Cllr N Bolitye  
Cllr M Booï  
Cllr FR Botha-Rossouw  
Cllr R Bresler  
Cllr EN Brunette  
Cllr KR Carls  
Cllr H Carstens  
Cllr MA Cassiem  
Cllr MF Cassim  
Cllr CS Cerfontein  
Cllr MN Chitha  
Cllr DJ Christians  
Cllr BR Clarke  
Cllr GJ Classen  
Cllr DG Cottee  
Cllr SA Cottle  
Cllr AC Crous  
Cllr M Dambuza  
Cllr T Dasa  
Cllr MM Davids  
Cllr WB Dlulane  
Cllr WP Doman  
Cllr DK Dudley  
Cllr SS Duka  
Cllr MR Dwane  
Cllr PA East  
Cllr CJ Esau  
Cllr JP Fitz  
Cllr P Francke  
Cllr CM Fry  
Cllr A Gabuza  
Cllr BC Golding  
Cllr GE Gordon  
Cllr AM Graham  
Cllr AJ Griesel

Cllr CDW Groenewoud  
Cllr NE Grose  
Cllr LA Gungxe  
Cllr B Hansen  
Cllr W Harris  
Cllr GCR Haskin  
Cllr PG Helfrich  
Cllr A Hendricks  
Cllr PC Heynes  
Cllr ND Hlangisa  
Cllr MW Hlazo  
Cllr TT Honono  
Cllr VR Isaacs  
Cllr IR Iversen  
Cllr HW Jacobs  
Cllr L Jali  
Cllr C Janse van Rensburg  
Cllr EE Jansen  
Cllr S John  
Cllr X Joja  
Cllr N Jowell  
Cllr DM Khatshwa  
Cllr MRH Kleinschmidt  
Cllr ME Kleinsmith  
Cllr C Kobeni  
Cllr AL Komeni  
Cllr NF Kopman  
Cllr GPG Kriel  
Cllr AE Kuhl  
Cllr MD Kumeke  
Cllr SP Liell-Cock  
Cllr AG Lightburn  
Cllr BC Madikane  
Cllr N Mahangu  
Cllr N Mahlati  
Cllr N Makasi  
Cllr BM Majingo  
Cllr LC Makeleni  
Cllr SK Manata  
Cllr M Manuel  
Cllr K Mare  
Cllr J Martlow  
Cllr DZ Masiu  
Cllr V Matanzima

## GENERAL INFORMATION (continued)

AS AT 30 JUNE 2021

### Council members of the City of Cape Town (continued)

Cllr JJ Maxheke  
Cllr P Maxiti  
Cllr L Mazwi  
Cllr S Mbandezi  
Cllr JS Mbolompo  
Cllr NV Mbombo  
Cllr J McCarthy  
Cllr AP McKenzie  
Cllr IP McMahon  
Cllr CN Mdleleni  
Cllr SS Mfecane  
Cllr VN Mfusi  
Cllr NE Mgolombane  
Cllr JH Middleton  
Cllr PM Mngxunyeni  
Cllr AC Moses  
Cllr NA Moshani  
Cllr T Mpengezi  
Cllr V Mqadi  
Cllr S Mzobe  
Cllr PS Mzolisa  
Cllr N Ndaleni  
Cllr AX Ndongeni  
Cllr K Nethi  
Cllr BP Ngcani  
Cllr B Ngcombolo  
Cllr MWN Ngeyi  
Cllr PM Ngqu  
Cllr D Ngubelanga  
Cllr XW Ngwekazi  
Cllr S Ngxumza  
Cllr M Nikelo

Cllr FM Nkuzana  
Cllr X Nofemele  
Cllr S Nonkeyizana  
Cllr SN Nqabeni Moloto  
Cllr ML Nqavashe  
Cllr M Nqulwana  
Cllr A Ntsodo  
Cllr P Nyakaza-Sandla  
Cllr L Nyingwa  
Cllr SF Oerson  
Cllr GC Peck  
Cllr CY Persensie  
Cllr XG Peter  
Cllr MJ Petersen  
Cllr S Philander  
Cllr MP Pietersen  
Cllr TI Pimpi  
Cllr YM Plaatjie  
Cllr CJ Pophaim  
Cllr CB Punt  
Cllr ZL Qoba  
Cllr RM Quintas  
Cllr X Qwesha  
Cllr MH Raise  
Cllr B Rass  
Cllr FHL Raymond  
Cllr N Rheeder  
Cllr T Sakathi  
Cllr E Sawant  
Cllr MM Sibunzi  
Cllr RZ Simbuku  
Cllr RS Simons

Cllr AJ Skippers  
Cllr OK Solomons  
Cllr NP Sono  
Cllr KG Southgate  
Cllr CS Stevens  
Cllr Z Sulelo  
Cllr PS Swart  
Cllr S Taliep  
Cllr HP Terblanche  
Cllr EAJ Theron  
Cllr G Timm  
Cllr N Tom  
Cllr B van der Merwe  
Cllr PE van der Ross  
Cllr ML van der Walt  
Cllr B van Reenen  
Cllr A van Zyl  
Cllr M Velem  
Cllr R Viljoen  
Cllr DA Visagie  
Cllr CL Visser  
Cllr J Visser  
Cllr PP Vokwana  
Cllr ST Vuba  
Cllr FC Walker  
Cllr JJ Witbooi  
Cllr J Woodman  
Cllr N Xamle  
Cllr S Yalezo  
Cllr SK Yozi  
Cllr LG Zondani

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

Cllr N Dilima	08/07/2020
Cllr S Nqamnduku	28/08/2020
Cllr D Bryant	09/09/2020
Cllr S Nkomiyahlaba	18/09/2020
Cllr B Truter	06/01/2021
Cllr C van Wyk	25/01/2021
Cllr F Gaffoor	29/03/2021

Cllr E Fortune	31/03/2021
Cllr Z Nkangana	17/04/2021
Ald M Oliver	20/04/2021
Ald R Rau	28/04/2021
Ald D Smit	30/04/2021
Cllr M Bele	17/05/2021
Ald C Clayton	31/05/2021

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below.

### BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with section 122(3) of the Local Government: Municipal Finance Management Act 56 of 2003.

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors", read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

### GOING-CONCERN ASSUMPTION

These consolidated financial statements have been prepared based on the expectation that the Entity will continue to operate as a going-concern for at least the next 12 months.

### OFFSETTING

Assets and liabilities as well as revenue and expenses are offset and the net amount reported in the financial statements 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.

### COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

### FOREIGN-CURRENCY TRANSACTIONS

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

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

- **Going concern**

The going-concern assumption of the City of Cape Town is founded on the municipality's constitutional mandate to levy property rates and service charges. Included in management's assessment of the municipality's going-concern status are key financial metrics, the impact of the Covid-19 pandemic, the associated conditions of a general economic downturn, approved medium-term budgets, and the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province").

The State of Disaster regulations relating to the combating of the Covid-19 pandemic has had a negative impact on the normal business operations of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) and the Cape Town Stadium (CTST) due to the restrictions placed on the attendance of spectators at large events and gatherings. As both entities are events-driven, the regulations continue to have a significant impact on their cash-generating capabilities. It is uncertain as to when these entities will be able to resume normal business operations.

The City approved a R200 million investment in the CTICC to fund its cash shortfall up until 30 June 2022 by means of the new class "C" ordinary shares. The City resolved that the shares would be taken up as and when the funding is required by the company in terms of the entity's cash flow needs. In terms of a service delivery agreement the City funds the CTST's operations based on its approved budget and thus contributing to the CTST's operational sustainability.

Based on all of the above, management has concluded that the going-concern assumption used in the compiling of its financial statements, is appropriate.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

#### • Materiality

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

#### Budget information

Variances between budget and actual amounts are regarded as material when the variance is;

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

All material differences are explained in note 37 to these consolidated financial statements.

#### Qualitative thresholds

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- ✓ if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- ✓ if they constitute related-party transactions;
- ✓ depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- ✓ if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- ✓ if they are likely to result in a change in accounting policy;
- ✓ if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- ✓ depending on the degree of estimation or judgement required to determine their value, and
- ✓ if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

#### Quantitative thresholds

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The Entity uses 0,5% to determine materiality, considering the following factors:

- ✓ Nature of the Entity's business
- ✓ Statutory requirements
- ✓ The control and inherent risks associated with the Entity
- ✓ Prudence

The level of materiality per transaction class for the year as follows:

Class of transactions	Level of materiality (R'000)
Revenue	223 939
Expenditure	221 548
Non-current assets	303 541
Current assets	85 839
Non-current liabilities	69 178
Current liabilities	52 507

The materiality calculation is based on the final approved 2020/21 adjustments budget of April 2021 for all classes of transactions.

Based on professional judgement the overall quantitative value of materiality for the 2020/21 financial year is set at R200 million.

#### • 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.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

- **Impairment of receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment considering factors such as socio economic conditions, type of customer, the default period and service-specific payment histories.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

- **Impairment of property, plant and equipment**

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

As part of the impairment calculation of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) building and asset under construction, management has estimated the recoverable amount by calculating the value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding future cash flows and discount rates, which are disclosed in note 2.

- **Significant delays in assets under construction**

The Entity regards delays in assets under construction of more than one year as significant.

- **Residual value of property, plant and equipment**

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

- **Useful lives of property, plant and equipment, investment property and intangible assets**

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

- **Material losses**

Material losses are losses that occur due to factors other than normal production, and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City of Cape Town's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in notes 13 and 34 respectively. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted where the effect of discounting is material.

- **Cash and non-cash-generating assets**

The City of Cape Town is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the City of Cape Town's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other assets of the municipality.

The CTICC and CTST considers cash-generating assets to be those assets used to host events, being the companies' core revenue stream.

- **Principal-agent arrangements**

Management's judgement is required when determining it has entered into a principal agent arrangement, as set out in note 35. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

The assessment of whether an entity is a principal or an agent requires the entity to evaluate rights and obligations of all parties to each binding arrangement to establish whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

- **Segmental reporting**

In applying GRAP 18 Segment Reporting, management makes judgements with regard to the identification of reportable segments as well as what constitutes segment results to enable users to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

#### ● **Controlled entities**

Management's judgement is required to determine if it controls another entity. An entity controls another entity if and only if the entity has all the following:

- ✓ power over the other entity; and
- ✓ exposure, or rights, to variable benefits from its involvement with the other entity; and
- ✓ the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

Power over the CTICC and CTST are obtained through voting rights granted by its shares. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity has power over another entity.

The Entity is exposed, or has rights, to variable benefits from its involvement with the CTICC and CTST by way of increases or decreases in the value of its investments in these entities and return on investment such as dividends or other distributions.

These voting rights gives the Entity the current ability to affect the nature and amount of its benefits through voting at shareholder meetings and therefore the Entity controls the CTICC and CTST.

Management has concluded that the proportion of ownership interests held in the controlled entities equals the voting rights held by the controlling entity. None of its controlled entities have non-controlling interests that are material to the reporting entity.

### ADOPTION OF NEW AND REVISED STANDARDS

#### ● **Standards and interpretations effective and adopted in the current year**

The following GRAP standards are applicable and effective in the current year:

- ✓ GRAP 18 - Segment reporting
- ✓ GRAP 34 - Separate financial statements
- ✓ GRAP 35 - Consolidated financial statements
- ✓ GRAP 36 - Investments in associates and joint ventures
- ✓ GRAP 37 - Joint arrangements
- ✓ GRAP 38 - Disclosure of interest in other entities
- ✓ GRAP 110 - Living and non-living resources
- ✓ IGRAP 20 - Accounting for adjustments to revenue to pay levies

GRAP 18 establishes principles for the reporting of financial information by segments and resulted in an additional segmental report and related disclosure being presented in the financial statements.

GRAP 110 prescribes the recognition, measurement, presentation and disclosure requirements for living resources as well as disclosure requirements for non-living resources. Living resources controlled by the municipality are animals used to deliver mandated services. These animals are immaterial in nature and amount, and therefore living resources are not separately presented as a line item on the face of the statement of financial position. In the current year living resources were split from the other assets class and presented as a separate class of property, plant and equipment. The comparative disclosure was updated accordingly.

GRAP 35 establishes principles for the presentation and preparation of consolidated financial statements. The concept of "investment entities" was introduced, however the Entity has no interest in investment entities. The definition of control has changed to include scenarios where an entity is exposed to, or has rights to, variable benefits because of its involvement with the other entity (which could include losses), and the entity has the ability to affect the nature or amount of those benefits (or losses) because of its power over the entity. Additional application guidance is provided to explain how control should be applied in various scenarios in the public sector. The implementation of this Standard has resulted in the City Improvement Districts (CID) entities not meeting the definition of controlled entities and therefore no longer being consolidated. The comparative disclosure was updated accordingly and the impact is presented in note 36.

GRAP 38 combined disclosure requirements for GRAP 34 to 37. A number of new disclosure requirements have been introduced for the different arrangements that could exist where an entity has an interest in another entity. The financial statements were updated accordingly.

The impact of implementing GRAP 34, 36, 37 and IGRAP 20 has been immaterial.

#### ● **Standards and interpretations early-adopted**

The Entity has not early-adopted any GRAP standard that is not yet effective. The following guidelines are not yet effective or are not authoritative, but has been utilised to formulate the Entity's accounting policies since 2018/19:

- ✓ Guideline on Accounting for Landfill Sites
- ✓ Guideline on the Application of Materiality in Financial Statements.

#### ● **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, there no Standards of GRAP that have been issued by the Board and for which the Minister of Finance has determined an effective date.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the controlling entity (City of Cape Town) and all its controlled entities (CTICC and CTST), presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

### Controlled entities

Controlled entities are entities controlled by the Entity. Controlled entities are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a controlled entity are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in controlled entities are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

### HOUSING FUNDS

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

#### Housing development fund

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

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

#### Unrealised housing proceeds

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

### RESERVES

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

#### Capital replacement reserve (CRR)

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

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

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

#### Insurance reserves

##### • Self-insurance reserve

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

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

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

##### • Compensation for occupational injuries and diseases (COID) reserve

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### PROPERTY, PLANT AND EQUIPMENT

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

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

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

The gain or loss arising from the disposal or retirement of an item of PPE 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 significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10 – 50	Buildings	2 – 50
Electricity	15 – 50	Other vehicles	4 – 15
Water	15 – 30	Office equipment	2 – 16
Sewerage	15 – 20	Watercraft	5
Telecommunications	10 – 30	Bins and containers	5
		Landfill sites	30
<b>Housing</b>	30	Specialised vehicles	10 – 20
		Library books	1
<b>Community</b>		Furniture and fittings	2 – 15
Community and recreational facilities	20 – 50	Computer equipment	2 – 9
Security	5 – 10	Plant and equipment	2 – 19
		Living resources	5 – 12
		Service concession	3 – 50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

A living resource is a living animal that is used by the Municipality to deliver a mandated service.

### INVESTMENT PROPERTIES

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

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

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

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

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### HERITAGE ASSETS

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

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

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

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

### INTANGIBLE ASSETS

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

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

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

### Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

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

	Years
Acquisition of rights	8
Computer software	5-10

### IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

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

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

### IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- ✓ projections of cash inflows from the continuing use of the asset;
- ✓ projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- ✓ net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- ✓ cash inflows or outflows from financing activities; and
- ✓ income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have been adjusted.

### CASH AND CASH EQUIVALENTS

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

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

### INVENTORIES

Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Plants and compost are valued at the tariffs charged as an approximation of the net realisable value, as these are by-products of the operations of the nursery and the costs directly attributable to bringing these resource to the location and condition necessary for sale cannot be measured reliably.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values according to their age, condition and utility. Differences arising in the measurement of such inventories at the lower of cost and net realisable value are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories is recognised as an expense in the period during which the inventories are consumed, sold, distributed or written off, unless the cost qualifies for capitalisation to the cost of another asset.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### TAXATION

Taxation on the profit or loss for the year consists of current and deferred taxation. Taxation is recognised in surplus or deficit.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. A deferred taxation asset is reduced as the realisation of the tax benefit becomes no longer probable.

### GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

### PROVISIONS

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

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

### ENVIRONMENTAL REHABILITATION PROVISIONS

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

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

### EMPLOYEE BENEFITS

#### Retirement benefit plans

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

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

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

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### EMPLOYEE BENEFITS (continued)

#### Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme. 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.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

#### Short-term and long-term employee benefits

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

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

### FINANCIAL INSTRUMENTS

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

Standard of GRAP 108 on statutory receivables does not require disclosure of the risk associated with these transactions. In the absence of such a requirement, the Entity has based its disclosure on Standard of GRAP 104, which deals with financial instruments. The risk exposure for these transactions is disclosed under a separate category, "Statutory receivables", in note 1 to these financial statements.

#### Non-derivative financial assets

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

- **Investments at fair value**

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

- **Investments at amortised cost**

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

- **Investments at cost**

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

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

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



## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### FINANCIAL INSTRUMENTS (continued)

#### Non-derivative financial liabilities

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

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

#### Derivative financial instruments

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

#### PAYABLES

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

#### RECEIVABLES

Receivables that arise from contractual rights are classified as contractual receivables, while receivables that arise from the operation of law are classified as statutory receivables.

Contractual receivables are initially recognised at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at the transaction amount of the corresponding exchange or non-exchange revenue transaction, and are subsequently measured at cost.

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

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.

#### BUDGET INFORMATION

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

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

The approved budget presented in the statement of comparison of budget and actual amounts is the most recent adjustment budget approved by Council or the Board.

The final budget presented is the most recently approved budget adjusted for changes made in terms of legislation and may not have been formally approved again by Council or the Board. Where entities are required to have their budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

#### REVENUE RECOGNITION

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

#### Revenue from exchange transactions

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

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### REVENUE RECOGNITION (continued)

#### Revenue from exchange transactions (continued)

Electricity 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 "Unspent conditional grants and receipts" if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

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

- ✓ The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ✓ The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- ✓ The amount of revenue can be reliably measured.
- ✓ The costs incurred or to be incurred in respect of the transaction can be reliably measured.

#### Revenue from non-exchange transactions

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

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

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue. Revenue from traffic fines is recognised when the fine is issued.

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

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

### LEASES

#### The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

#### The Entity as lessor

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

### GRANTS-IN-AID

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

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

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

### BORROWING COSTS

Borrowing costs are recognised as an expense in the period during which they are incurred.





## SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### UNAUTHORISED, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular and fruitless and wasteful expenditure is accounted for as an expense in the statement of financial performance and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenditures are disclosed in note 38.

### SERVICES IN KIND

Services in kind are not recognised as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 21.

### RELATED PARTIES

A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

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

### SEGMENTAL REPORTING

#### Basis for segmentation

City of Cape Town is a complex metropolitan municipality with a wide variety of goods and services managed by various business units. Operations are structured to achieve optimum service delivery and the municipality produces various reports in which its activities are presented in a variety of ways.

Segments were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature or services are sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of operations of the segments.

Reportable segments are identified based on activities of the entity that generates economic benefits or service potential including internal services that contribute to achieving the entity's objectives without necessarily generating net cash inflows.

#### Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the Entity's accounting policies.

Inter-segment pricing is determined on an arm's length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the "elimination of intersegment transactions" column of the segment report.

#### Geographic information

All the Entity's operations are located in the Republic of South Africa in the Cape Town area. Information to report on different geographical areas is not available and the cost to develop it would be excessive.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2021	Restated <sup>1</sup> 2020	2021	2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	53 180 741	49 577 631	52 846 552	49 082 175
Heritage assets	3	10 268	10 269	10 268	10 269
Investment property	4	579 534	581 247	579 534	581 247
Intangible assets	5	629 285	605 350	624 635	599 678
Investments	6	6 352 701	5 960 366	6 573 136	6 267 808
Long-term receivables	7	6 639	11 616	6 639	11 616
Deferred taxation	31.1	176 693	158 566	-	-
		<b>18 122 654</b>	<b>19 839 481</b>	<b>18 039 300</b>	<b>19 584 521</b>
<b>Current assets</b>					
Inventory	8	469 154	434 472	467 065	431 504
Receivables	9	6 613 049	7 422 153	6 554 666	7 341 873
From non-exchange transactions		2 885 850	3 145 648	2 883 429	3 147 893
From exchange transactions		3 727 199	4 276 505	3 671 237	4 193 980
Investments	6	2 883 869	2 436 051	2 883 869	2 436 051
Taxation		663	663	-	-
Current portion of long-term receivables	7	7 600	8 524	7 600	8 524
Cash and cash equivalents	10	8 148 319	9 537 618	8 126 100	9 366 569
		<b>79 058 515</b>	<b>76 744 526</b>	<b>78 680 064</b>	<b>76 137 314</b>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	11	6 547 823	6 871 889	6 547 823	6 871 889
Provisions	13	7 114 512	6 427 203	7 114 512	6 427 203
		<b>13 662 335</b>	<b>13 299 092</b>	<b>13 662 335</b>	<b>13 299 092</b>
<b>Current liabilities</b>					
Deposits	14	508 252	532 450	439 775	419 421
Provisions	13	1 572 671	1 388 623	1 572 671	1 384 347
Payables from exchange transactions	15	6 266 547	5 999 740	6 244 318	5 961 972
Unspent conditional grants and receipts	16	1 119 269	1 392 172	1 119 269	1 392 172
Value-added tax	17	86 918	174 689	86 380	173 298
Current portion of borrowings	11	440 239	446 354	440 239	446 354
		<b>9 993 896</b>	<b>9 934 028</b>	<b>9 902 652</b>	<b>9 777 564</b>
<b>TOTAL LIABILITIES</b>					
		<b>23 656 231</b>	<b>23 233 120</b>	<b>23 564 987</b>	<b>23 076 656</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>					
Housing development fund	18	421 203	463 210	421 203	463 210
Reserves		5 077 328	5 175 985	5 077 328	5 175 985
Accumulated surplus		49 631 204	47 578 047	49 616 546	47 421 463
Non-controlling interest		272 549	294 164	-	-
		<b>55 402 284</b>	<b>53 511 406</b>	<b>55 115 077</b>	<b>53 060 658</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>					
		<b>79 058 515</b>	<b>76 744 526</b>	<b>78 680 064</b>	<b>76 137 314</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2021	Restated <sup>1</sup> 2020	2021	2020
<b>REVENUE</b>					
<b>Exchange revenue</b>		<b>23 474 211</b>	<b>23 715 871</b>	<b>23 462 678</b>	<b>23 534 038</b>
Service charges	19	21 091 280	20 862 908	21 101 782	20 880 394
Rental of letting stock and facilities		404 776	546 750	381 537	430 719
Finance income	20	1 221 202	1 597 808	1 217 275	1 582 511
Licences and permits		39 181	38 599	39 181	38 599
Agency services		270 810	200 585	270 810	200 585
Other income	21	383 048	416 770	388 179	348 779
Gains on disposal of property, plant and equipment		63 914	52 451	63 914	52 451
<b>Non-exchange revenue</b>		<b>22 141 694</b>	<b>21 106 644</b>	<b>22 147 516</b>	<b>21 116 163</b>
Finance income	20	134 185	109 465	134 185	109 465
Other income	21	270 239	370 404	270 239	370 404
Property rates	22	9 999 209	9 832 266	10 005 031	9 841 785
Fuel levy		2 594 971	2 570 486	2 594 971	2 570 486
Fines, penalties and forfeits		1 548 682	1 288 976	1 548 682	1 288 976
Government grants and subsidies	23	7 398 444	6 868 796	7 398 444	6 868 796
Public contributions	24	195 964	66 251	195 964	66 251
<b>Total revenue</b>		<b>45 615 905</b>	<b>44 822 515</b>	<b>45 610 194</b>	<b>44 650 201</b>
<b>EXPENDITURE</b>					
Employee-related costs	25	15 179 402	12 853 607	15 109 022	12 776 709
Remuneration of councillors and board members	39.2.2	159 272	159 812	158 089	158 912
Impairment costs	26	2 994 130	2 905 622	2 971 887	2 882 571
Collection costs		197 733	195 816	197 733	195 816
Depreciation and amortisation expenses <sup>2</sup>	2,4,5	2 887 634	2 956 632	2 833 027	2 901 939
Finance costs	27	818 801	807 898	818 801	807 898
Bulk purchases	28	10 147 766	9 871 770	10 147 766	9 871 770
Contracted services	29	2 605 108	2 134 556	2 596 756	2 113 850
Grants and subsidies paid		256 155	254 502	321 394	313 955
General expenses	30	8 488 662	8 381 702	8 398 360	8 251 342
Losses on disposal of property, plant and equipment		2 940	6 030	2 940	6 030
<b>Total expenditure</b>		<b>43 737 603</b>	<b>40 527 947</b>	<b>43 555 775</b>	<b>40 280 792</b>
<b>NET SURPLUS FROM OPERATIONS</b>		<b>1 878 302</b>	<b>4 294 568</b>	<b>2 054 419</b>	<b>4 369 409</b>
<b>Surplus from operations before taxation</b>		<b>1 878 302</b>	<b>4 294 568</b>	<b>2 054 419</b>	<b>4 369 409</b>
Taxation	31.1	12 576	34 396	-	-
<b>NET SURPLUS FROM OPERATIONS</b>		<b>1 890 878</b>	<b>4 328 964</b>	<b>2 054 419</b>	<b>4 369 409</b>
Attributable to owners of the controlling entity		<b>1 912 493</b>	<b>4 357 970</b>		
Attributable to non-controlling interest		(21 615)	(29 006)		
<b>SURPLUS FOR THE YEAR</b>		<b>1 890 878</b>	<b>4 328 964</b>		

<sup>1</sup> Comparative restated: see note 36 for more details.

<sup>2</sup> See annexure B for more details.

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

ECONOMIC ENTITY						
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	Total
<b>2019</b>						
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226
Restatement	-	-	-	(113 784)	-	(113 784)
<b>Restated balance as at 1 July 2019 <sup>1</sup></b>	<b>409 351</b>	<b>3 800 793</b>	<b>588 775</b>	<b>44 060 353</b>	<b>323 170</b>	<b>49 182 442</b>
<b>2020</b>						
Balance as at 1 July 2019	409 351	3 800 793	588 775	44 060 353	323 170	49 182 442
Restated surplus <sup>1</sup>	-	-	-	4 357 970	-	-
Surplus for the year as previously reported	-	-	-	4 376 866	(29 006)	4 347 860
Restatement	-	-	-	(18 896)	-	(18 896)
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-	-
<b>Balance as at 30 June 2020</b>	<b>463 210</b>	<b>4 561 164</b>	<b>614 821</b>	<b>47 578 047</b>	<b>294 164</b>	<b>53 511 406</b>
<b>2021</b>						
Surplus for the year	-	-	-	1 912 493	(21 615)	1 890 878
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-	-
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-	-
<b>Balance as at 30 June 2021</b>	<b>421 203</b>	<b>4 452 496</b>	<b>624 832</b>	<b>49 631 204</b>	<b>272 549</b>	<b>55 402 284</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

CITY OF CAPE TOWN					
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
<b>2020</b>					
Balance as at 1 July 2019	409 351	3 800 793	588 775	43 892 330	48 691 249
Surplus for the year	-	-	-	4 369 409	4 369 409
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-
<b>Balance as at 30 June 2020</b>	<b>463 210</b>	<b>4 561 164</b>	<b>614 821</b>	<b>47 421 463</b>	<b>53 060 658</b>
<b>2021</b>					
Surplus for the year	-	-	-	2 054 419	2 054 419
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-
<b>Balance as at 30 June 2021</b>	<b>421 203</b>	<b>4 452 496</b>	<b>624 832</b>	<b>49 616 546</b>	<b>55 115 077</b>

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2021	Restated' 2020	2021	Restated' 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		41 598 654	39 564 744	41 272 675	39 356 189
Cash paid to suppliers and employees		(35 850 284)	(33 446 968)	(35 397 699)	(33 265 559)
Cash generated from operations	32	5 748 370	6 117 776	5 874 976	6 090 630
Finance income	32	1 308 676	1 657 602	1 304 749	1 642 305
Finance costs	32	(731 498)	(718 927)	(731 498)	(718 927)
Taxation		(5 551)	1 872	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6 319 997</b>	<b>7 058 323</b>	<b>6 448 227</b>	<b>7 014 008</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment and other		(6 549 248)	(6 027 190)	(6 528 473)	(5 970 668)
Proceeds on disposal of assets		84 203	73 358	84 028	73 195
(Increase)/decrease in long-term receivables		(32 484)	10 826	(32 484)	10 826
Increase in investments		(840 273)	(886 819)	(840 273)	(886 819)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(7 337 802)</b>	<b>(6 829 825)</b>	<b>(7 317 202)</b>	<b>(6 773 466)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		-	1 093 544	-	1 091 580
Repayment of borrowings		(371 494)	(386 792)	(371 494)	(384 828)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(371 494)</b>	<b>706 752</b>	<b>(371 494)</b>	<b>706 752</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1 389 299)</b>	<b>935 250</b>	<b>(1 240 469)</b>	<b>947 294</b>
Cash and cash equivalents at the beginning of the year		9 537 618	8 602 368	9 366 569	8 419 275
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	10	<b>8 148 319</b>	<b>9 537 618</b>	<b>8 126 100</b>	<b>9 366 569</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Classification differences <sup>1</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>							
Total non-current assets	63 328 932	63 328 932	60 935 861	-	60 935 861	2 393 071	3,78
Total current assets	17 252 340	17 252 340	18 122 654	-	18 122 654	(870 314)	(5,04)
<b>Total assets</b>	<b>80 581 272</b>	<b>80 581 272</b>	<b>79 058 515</b>	<b>-</b>	<b>79 058 515</b>	<b>1 522 757</b>	<b>1,89</b>
Total non-current liabilities	13 835 687	13 835 687	13 662 335	-	13 662 335	173 352	1,25
Total current liabilities	10 568 078	10 568 078	9 993 896	-	9 993 896	574 182	5,43
<b>Total liabilities</b>	<b>24 403 765</b>	<b>24 403 765</b>	<b>23 656 231</b>	<b>-</b>	<b>23 656 231</b>	<b>747 534</b>	<b>3,06</b>
Total net assets	56 177 507	56 177 507	55 402 284	-	55 402 284	775 223	1,38
<b>Total net assets and liabilities</b>	<b>80 581 272</b>	<b>80 581 272</b>	<b>79 058 515</b>	<b>-</b>	<b>79 058 515</b>	<b>1 522 757</b>	<b>1,89</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>							
Property rates	10 525 121	10 525 121	9 999 209	270 240	10 269 449	255 672	2,43
Service charges	19 872 799	19 872 799	21 091 280	(825 822)	20 265 458	(392 659)	(1,98)
Investment revenue	979 768	979 768	1 355 387	(454 920)	900 467	79 301	8,09
Transfers recognised - operational	6 203 809	6 203 809	5 781 742	11 454	5 793 196	410 613	6,62
Other own revenue	5 382 087	5 382 087	5 575 621	359 897	5 935 518	(553 431)	(10,28)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>42 963 584</b>	<b>42 963 584</b>	<b>43 803 239</b>	<b>(639 151)</b>	<b>43 164 088</b>	<b>(200 504)</b>	<b>(0,47)</b>
Employee costs	14 953 308	14 953 582	15 179 402	(1 000)	15 178 402	(224 820)	(1,50)
Remuneration of councillors	190 750	190 750	159 272	8 328	167 600	23 150	12,14
Debt impairment	3 211 296	3 211 296	2 971 887	(117 236)	2 854 651	356 645	11,11
Depreciation and asset impairment	3 088 084	3 088 084	2 909 877	30 228	2 940 105	147 979	4,79
Finance charges	851 450	848 349	818 801	12 677	831 478	16 871	1,99
Materials and bulk purchases	11 566 208	11 541 024	10 147 766	1 315 844	11 463 610	77 414	0,67
Transfers and grants	561 203	591 500	256 155	80 162	336 317	255 183	43,14
Other expenditure	10 374 049	10 411 698	11 294 443	(1 724 518)	9 569 925	841 773	8,08
<b>Total expenditure</b>	<b>44 796 348</b>	<b>44 836 283</b>	<b>43 737 603</b>	<b>(395 515)</b>	<b>43 342 088</b>	<b>1 494 195</b>	<b>3,33</b>
<b>Surplus</b>	<b>(1 832 764)</b>	<b>(1 872 699)</b>	<b>65 636</b>	<b>(243 636)</b>	<b>(178 000)</b>	<b>(1 694 699)</b>	
Transfers recognised - capital	1 939 476	1 939 476	1 616 702	314 389	1 931 091	8 385	0,43
Contributions recognised - capital and contributed assets	-	-	195 964	(70 753)	125 211	(125 211)	
<b>Surplus after capital transfers and contributions</b>	<b>106 712</b>	<b>66 777</b>	<b>1 878 302</b>	<b>-</b>	<b>1 878 302</b>	<b>(1 811 525)</b>	

<sup>1</sup> See note 37 for more details.



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Recognition differences <sup>1</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>CASH FLOW STATEMENT</b>								
Net cash from operating	37.2.2 i	3 460 562	3 460 562	6 319 997	-	6 319 997	(2 859 435)	(82,63)
Net cash from investing		(6 803 865)	(6 803 865)	(7 337 802)	-	(7 337 802)	533 937	(7,85)
Net cash from financing		(384 839)	(384 839)	(371 494)	-	(371 494)	(13 345)	3,47
<b>Net increase in cash and cash equivalents</b>		<b>(3 728 142)</b>	<b>(3 728 142)</b>	<b>(1 389 299)</b>	<b>-</b>	<b>(1 389 299)</b>	<b>(2 338 843)</b>	<b>62,73</b>
<b>Cash/cash equivalents at year-end</b>		<b>5 795 344</b>	<b>5 795 344</b>	<b>8 148 319</b>	<b>-</b>	<b>8 148 319</b>	<b>(2 352 975)</b>	<b>(40,60)</b>
<b>CAPITAL EXPENDITURE</b>								
Community Services and Health	37.3 i	327 256	327 256	296 495	(1 664)	294 831	(32 425)	(9,91)
Corporate Services	ii	225 143	225 143	208 287	-	208 287	(16 856)	(7,49)
Economic Opportunities and Asset Management	iii	359 072	359 072	320 615	(300)	320 315	(38 757)	(10,79)
Energy and Climate Change	iv	852 722	852 722	758 775	(8 497)	750 278	(102 444)	(12,01)
Finance	v	274 033	274 033	248 490	-	248 490	(25 543)	(9,32)
Human Settlements	vi	781 009	781 009	737 971	-	737 971	(43 038)	(5,51)
Office of the City Manager	vii	1 585	1 585	1 281	-	1 281	(304)	(19,18)
Safety and Security		385 688	385 688	368 558	(679)	367 879	(17 809)	(4,62)
Spatial Planning and Environment	viii	133 448	133 448	105 564	-	105 564	(27 884)	(20,90)
Transport	ix	917 980	917 980	938 420	(161 974)	776 446	(141 534)	(15,42)
Urban Management	x	66 978	66 978	48 608	-	48 608	(18 370)	(27,43)
Water and Waste	xi,xii,xiii	3 050 983	3 050 983	2 633 797	34 726	2 668 523	(382 460)	(12,54)
CTICC	xiv	23 531	23 531	20 775	-	20 775	2 756	11,71
<b>Total</b>		<b>7 399 428</b>	<b>7 399 428</b>	<b>6 687 636</b>	<b>(138 388)</b>	<b>6 549 248</b>	<b>(844 668)</b>	<b>(11,42)</b>

<sup>1</sup> See note 37 for more details.



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – City of Cape Town

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Classification differences <sup>1</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>							
	60 708 257	60 708 257	60 640 764	-	60 640 764	67 493	0,11
	17 167 735	17 167 735	18 039 300	-	18 039 300	(871 565)	(5,08)
	<b>77 875 992</b>	<b>77 875 992</b>	<b>78 680 064</b>	<b>-</b>	<b>78 680 064</b>	<b>(804 072)</b>	<b>(1,03)</b>
	13 835 687	13 835 687	13 662 335	-	13 662 335	173 352	1,25
	10 501 465	10 501 465	9 902 652	-	9 902 652	598 813	5,70
	<b>24 337 152</b>	<b>24 337 152</b>	<b>23 564 987</b>	<b>-</b>	<b>23 564 987</b>	<b>772 165</b>	<b>3,17</b>
	53 538 840	53 538 840	55 115 077	-	55 115 077	(1 576 237)	(2,94)
	<b>77 875 992</b>	<b>77 875 992</b>	<b>78 680 064</b>	<b>-</b>	<b>78 680 064</b>	<b>(804 072)</b>	<b>(1,03)</b>
<b>FINANCIAL PERFORMANCE</b>							
37.2.1	10 525 121	10 525 121	10 005 031	270 240	10 275 271	249 850	2,37
	19 872 799	19 872 799	21 101 782	(825 822)	20 275 960	(403 161)	(2,03)
	976 104	976 104	1 351 460	(454 920)	896 540	79 564	8,15
	6 138 091	6 138 091	5 781 742	11 454	5 793 196	344 895	5,62
i	5 336 202	5 336 202	5 557 513	359 897	5 917 410	(581 208)	(10,89)
	<b>42 848 317</b>	<b>42 848 317</b>	<b>43 797 528</b>	<b>(639 151)</b>	<b>43 158 377</b>	<b>(310 060)</b>	<b>(0,72)</b>
	14 875 438	14 875 713	15 109 022	(1 000)	15 108 022	(232 309)	(1,56)
ii	189 675	189 675	158 089	8 328	166 417	23 258	12,26
iii	3 210 936	3 210 936	2 971 887	(117 236)	2 854 651	356 285	11,10
	2 850 866	2 850 866	2 833 027	30 228	2 863 255	(12 389)	(0,43)
	851 450	848 349	818 801	12 677	831 478	16 871	1,99
	11 561 850	11 536 730	10 147 766	1 315 844	11 463 610	73 120	0,63
iv	556 482	546 779	321 394	80 162	401 556	145 223	26,56
	10 212 913	10 250 562	11 195 789	(1 724 518)	9 471 271	779 291	7,60
	<b>44 309 610</b>	<b>44 309 610</b>	<b>43 555 775</b>	<b>(395 515)</b>	<b>43 160 260</b>	<b>1 149 350</b>	<b>2,59</b>
	<b>(1 461 293)</b>	<b>(1 461 293)</b>	<b>241 753</b>	<b>(243 636)</b>	<b>(1 883)</b>	<b>(1 459 410)</b>	
	1 939 476	1 939 476	1 616 702	314 389	1 931 091	8 385	0,43
	-	-	195 964	(70 753)	125 211	(125 211)	
	<b>478 183</b>	<b>478 183</b>	<b>2 054 419</b>	<b>-</b>	<b>2 054 419</b>	<b>(1 576 236)</b>	

<sup>1</sup> See note 37 for more details.





## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – City of Cape Town (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Recognition differences <sup>1</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>CASH FLOW STATEMENT</b>								
Net cash from operating	37.2.2 i	3 629 948	3 629 948	6 448 227	-	6 448 227	(2 818 279)	(77,64)
Net cash from investing		(6 816 334)	(6 816 334)	(7 317 202)	-	(7 317 202)	500 868	(7,35)
Net cash from financing		(384 839)	(384 839)	(371 494)	-	(371 494)	(13 345)	3,47
<b>Net increase in cash and cash equivalents</b>		<b>(3 571 225)</b>	<b>(3 571 225)</b>	<b>(1 240 469)</b>	<b>-</b>	<b>(1 240 469)</b>	<b>(2 330 756)</b>	<b>65,26</b>
<b>Cash/cash equivalents at year-end</b>		<b>5 795 344</b>	<b>5 795 344</b>	<b>8 126 100</b>	<b>-</b>	<b>8 126 100</b>	<b>(2 330 756)</b>	<b>(40,22)</b>
<b>CAPITAL EXPENDITURE</b>								
Community Services and Health	37.3 i	327 256	327 256	296 495	(1 664)	294 831	(32 425)	(9,91)
Corporate Services	ii	225 143	225 143	208 287	-	208 287	(16 856)	(7,49)
Economic Opportunities and Asset Management	iii	359 072	359 072	320 615	(300)	320 315	(38 757)	(10,79)
Energy and Climate Change	iv	852 722	852 722	758 775	(8 497)	750 278	(102 444)	(12,01)
Finance	v	274 033	274 033	248 490	-	248 490	(25 543)	(9,32)
Human Settlements	vi	781 009	781 009	737 971	-	737 971	(43 038)	(5,51)
Office of the City Manager	vii	1 585	1 585	1 281	-	1 281	(304)	(19,18)
Safety and Security		385 688	385 688	368 558	(679)	367 879	(17 809)	(4,62)
Spatial Planning and Environment	viii	133 448	133 448	105 564	-	105 564	(27 884)	(20,90)
Transport	ix	917 980	917 980	938 420	(161 974)	776 446	(141 534)	(15,42)
Urban Management	x	66 978	66 978	48 608	-	48 608	(18 370)	(27,43)
Water and Waste	xi,xii,xiii	3 050 983	3 050 983	2 633 797	34 726	2 668 523	(382 460)	(12,54)
<b>Total</b>		<b>7 375 897</b>	<b>7 375 897</b>	<b>6 666 861</b>	<b>(138 388)</b>	<b>6 528 473</b>	<b>(847 424)</b>	<b>(11,49)</b>

<sup>1</sup> See note 37 for more details.



# SEGMENTAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	Water Management	Waste water Management	Waste Management	Energy Sources	Municipal Governance and Administration	Community and Public Safety	Economic and Environmental Services	Inter Segment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTST	Inter-company offsetting	TOTAL ECONOMIC ENTITY
<b>STATEMENT OF FINANCIAL POSITION</b>													
<b>ASSETS</b>													
Non-current assets	6 373 751	5 630 114	1 357 824	9 790 116	12 523 456	10 137 934	14 827 569	-	60 440 764	515 532	-	(220 435)	60 935 861
Current assets	883 175	270 011	581 194	1 536 564	14 186 938	507 477	73 941	-	18 039 300	259 007	6 527	(182 180)	18 122 454
<b>Total Assets</b>	<b>7 256 926</b>	<b>5 900 125</b>	<b>1 939 018</b>	<b>11 326 680</b>	<b>26 710 394</b>	<b>10 645 411</b>	<b>14 901 510</b>	<b>-</b>	<b>78 480 064</b>	<b>774 539</b>	<b>6 527</b>	<b>(402 615)</b>	<b>79 058 515</b>
<b>LIABILITIES</b>													
Non-current liabilities	279 138	136 265	487 443	298 058	10 928 706	1 114 180	418 545	-	13 462 335	-	-	-	13 462 335
Current liabilities	2 336 086	1 828 504	181 224	2 359 834	1 188 270	782 140	1 226 594	-	9 902 652	93 971	4 517	(7 244)	9 993 894
<b>Total Liabilities</b>	<b>2 615 224</b>	<b>1 964 769</b>	<b>668 667</b>	<b>2 657 892</b>	<b>12 116 976</b>	<b>1 896 320</b>	<b>1 445 139</b>	<b>-</b>	<b>23 564 987</b>	<b>93 971</b>	<b>4 517</b>	<b>(7 244)</b>	<b>23 656 231</b>
<b>ADDITIONS TO PPE AND OTHER ASSETS</b>	<b>1 108 732</b>	<b>970 952</b>	<b>306 230</b>	<b>739 191</b>	<b>963 140</b>	<b>1 440 009</b>	<b>1 138 607</b>	<b>-</b>	<b>6 666 861</b>	<b>20 775</b>	<b>-</b>	<b>-</b>	<b>6 687 636</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>													
<b>REVENUE</b>													
<b>Exchange revenue</b>	<b>3 452 861</b>	<b>1 691 544</b>	<b>1 600 953</b>	<b>14 385 328</b>	<b>1 516 927</b>	<b>371 534</b>	<b>443 531</b>	<b>-</b>	<b>23 462 678</b>	<b>52 088</b>	<b>4 208</b>	<b>(44 743)</b>	<b>23 474 211</b>
Service charges	3 275 802	1 607 439	1 549 201	14 250 514	76 262	78 242	264 322	-	21 101 782	12 063	-	(22 565)	21 091 280
Rental of letting stock and facilities	192	14	-	38	151 052	230 109	132	-	381 537	19 179	4 060	-	404 776
Finance income	159 161	59 177	45 949	37 150	908 609	5 454	1 775	-	1 217 275	3 927	-	-	1 221 202
Licences and permits	-	-	-	-	1	43	39 137	-	39 181	-	-	-	39 181
Income from agency services	-	-	-	-	258 515	12 295	-	-	270 810	-	-	-	270 810
Other income	13 233	24 913	5 612	96 072	73 060	37 548	137 741	-	388 179	16 919	148	(22 198)	383 048
Gains on disposal of PPE	4 473	1	191	1 554	49 428	7 843	424	-	63 914	-	-	-	63 914
<b>Non-exchange revenue</b>	<b>1 116 133</b>	<b>395 392</b>	<b>448 040</b>	<b>303 698</b>	<b>14 848 455</b>	<b>3 102 962</b>	<b>1 932 836</b>	<b>-</b>	<b>22 147 516</b>	<b>-</b>	<b>72 845</b>	<b>(78 647)</b>	<b>22 141 694</b>
Finance income	-	-	-	-	134 185	-	-	-	134 185	-	-	-	134 185
Other income	-	-	-	-	-	-	270 239	-	270 239	-	7 608	(7 608)	270 239
Property rates	-	-	-	-	10 005 031	-	-	-	10 005 031	-	-	(5 822)	9 999 209
Fuel levy	-	-	-	-	2 594 971	-	-	-	2 594 971	-	-	-	2 594 971
Fines	5 039	365	142	2 975	1 855	1 501 165	37 141	-	1 548 682	-	-	-	1 548 682
Government grants and subsidies	1 099 031	395 027	447 898	244 943	2 111 735	1 593 183	1 506 627	-	7 398 444	-	-	-	7 398 444
Public contributions	12 063	-	-	55 780	678	8 614	118 829	-	195 964	-	65 237	(65 237)	195 964
<b>Inter-segment revenue</b>	<b>2 956 676</b>	<b>1 683 066</b>	<b>2 186 084</b>	<b>736 278</b>	<b>2 688 752</b>	<b>171 320</b>	<b>628</b>	<b>(10 422 804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>7 525 670</b>	<b>3 770 002</b>	<b>4 235 077</b>	<b>15 425 304</b>	<b>19 054 134</b>	<b>3 645 816</b>	<b>2 376 995</b>	<b>(10 422 804)</b>	<b>45 610 194</b>	<b>52 088</b>	<b>77 053</b>	<b>(123 430)</b>	<b>45 615 905</b>
<b>EXPENDITURE</b>													
<b>3 332 687</b>	<b>2 161 929</b>	<b>2 789 353</b>	<b>11 826 795</b>	<b>9 298 072</b>	<b>8 939 876</b>	<b>5 207 063</b>	<b>-</b>	<b>-</b>	<b>43 555 775</b>	<b>319 218</b>	<b>77 053</b>	<b>(214 443)</b>	<b>43 737 603</b>
Employee-related costs	1 213 374	607 639	1 011 548	1 123 658	4 723 275	4 497 189	1 932 339	-	15 109 022	68 990	1 390	-	15 179 402
Remuneration of councillors	-	-	-	-	158 089	-	-	-	158 089	835	348	-	159 272
Impairment costs	516 674	194 172	169 854	71 787	526 759	1 484 173	8 468	-	2 971 887	109 250	-	(87 007)	2 994 130
Collection costs	2 164	797	-	-	153 330	38 885	1 782	-	197 733	-	-	-	197 733
Depreciation and amortisation expense	267 255	178 251	66 193	376 760	622 343	578 736	743 489	-	2 833 027	54 607	-	-	2 887 634
Finance costs	-	-	45 990	-	772 811	-	-	-	818 801	-	-	-	818 801
Bulk purchases	429 209	-	-	9 718 557	-	-	-	-	10 147 766	-	-	-	10 147 766
Contracted services	116 498	545 580	728 454	122 361	126 822	113 757	843 284	-	2 596 756	2 938	5 752	(338)	2 605 108
Grants and subsidies paid	2 905	-	-	600	157 212	65 237	95 440	-	321 394	-	-	(65 239)	256 155
General expenses	784 350	635 489	766 506	412 976	2 056 359	2 160 444	1 582 236	-	8 398 360	82 598	69 563	(61 859)	8 488 662
Loss on disposal of PPE	258	1	33	96	1 072	1 455	25	-	2 940	-	-	-	2 940
<b>Inter-segment expenses</b>	<b>3 233 683</b>	<b>1 331 606</b>	<b>614 818</b>	<b>2 154 538</b>	<b>2 246 833</b>	<b>727 630</b>	<b>113 696</b>	<b>(10 422 804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>6 566 370</b>	<b>3 493 535</b>	<b>3 404 171</b>	<b>13 981 333</b>	<b>11 544 905</b>	<b>9 667 506</b>	<b>5 320 759</b>	<b>(10 422 804)</b>	<b>43 555 775</b>	<b>319 218</b>	<b>77 053</b>	<b>(214 443)</b>	<b>43 737 603</b>
<b>Surplus from operations before taxation</b>	<b>959 300</b>	<b>276 467</b>	<b>830 906</b>	<b>1 443 971</b>	<b>7 509 229</b>	<b>(6 021 690)</b>	<b>(2 943 764)</b>	<b>-</b>	<b>2 054 419</b>	<b>(267 130)</b>	<b>-</b>	<b>91 013</b>	<b>1 878 302</b>
Taxation	-	-	-	-	-	-	-	-	-	12 576	-	-	12 576
Non-controlling interest	-	-	-	-	-	-	-	-	-	21 615	-	-	21 615
<b>SURPLUS AFTER TAXATION</b>	<b>959 300</b>	<b>276 467</b>	<b>830 906</b>	<b>1 443 971</b>	<b>7 509 229</b>	<b>(6 021 690)</b>	<b>(2 943 764)</b>	<b>-</b>	<b>2 054 419</b>	<b>(232 939)</b>	<b>-</b>	<b>91 013</b>	<b>1 912 493</b>



## SEGMENTAL REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### Description of segments and principal activities

The following summary describes the principal activities operations of each reportable segment.

REPORTABLE SEGMENTS	PRINCIPAL ACTIVITIES AND OPERATIONS
Water Management	Provide residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities from the management of water catchments areas and water storage to distribution.
Wastewater Management	The treatment of wastewater and its safe disposal back into the environment.
Waste Management	Collection and disposal of waste in a safe manner as required by legislation. Ensure the general cleanliness in the city's streets, public spaces, beaches and rivers.
Energy Sources	Distribute electricity to residential, commercial and industrial customers in Cape Town and provide the link between Eskom and electricity consumers. Construct and maintain the equipment that transforms the power supply for the consumers' needs.
Municipal governance and administration	This segment is responsible for all aspects of governance and the centralised financial administration of the municipality. Various transactions are managed and administered centrally.
Community and Public Safety	This segment consists of various departments with aligned objectives. It is responsible for community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health.
Economic and Environmental Services	This segment consists of various departments with aligned objectives. It is responsible for urban planning and development, transport, road maintenance and environmental protection.
CTICC	The convention center provides facilities to host conferences and conventions, with the objective of promoting Cape Town as a tourism city.
Cape Town Stadium	The entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision is to provide a world class facility for the hosting of major sports events and become the premium venue of choice.

### Centrally incurred assets, liabilities, revenue and expenditure

Value added tax, cash, investments, borrowings, unspent grants have not been allocated to individual segments as these are managed centrally by the treasury department. Similarly, external interest related to cash, investments or borrowings are not allocated to individual segments. All these items are allocated to the Municipal governance and administration segment.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT

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

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

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Total carrying amount	Fair value
<b>2021</b>				
<b>Financial assets</b>				
Investments	3 225 977	6 010 593	9 236 570	9 430 945
Long-term receivables	8 997	-	8 997	8 997
Contractual receivables	3 672 837	-	3 672 837	3 672 837
Cash and cash equivalents	7 084 826	1 063 493	8 148 319	8 148 319
<b>TOTAL</b>	<b>13 992 637</b>	<b>7 074 086</b>	<b>21 066 723</b>	<b>21 261 098</b>

### Statutory assets

Receivables	<b>2 863 141</b>	<b>-</b>	<b>2 863 141</b>	<b>2 863 141</b>
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## 2020

### Financial assets

Investments	2 916 392	5 480 025	8 396 417	8 545 364
Long-term receivables	20 140	-	20 140	20 140
Contractual receivables	4 235 229	-	4 235 229	4 235 229
Cash and cash equivalents	8 268 052	1 269 566	9 537 618	9 537 618
<b>TOTAL</b>	<b>15 439 813</b>	<b>6 749 591</b>	<b>22 189 404</b>	<b>22 338 351</b>

### Statutory assets

Receivables	<b>3 128 073</b>	<b>-</b>	<b>3 128 073</b>	<b>3 128 073</b>
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Comparative restated: see note 36 for more details.

	CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
<b>2021</b>					
<b>Financial assets</b>					
Investments	3 225 977	6 010 593	220 435	9 457 005	9 651 380
Long-term receivables	8 997	-	-	8 997	8 997
Contractual receivables	3 612 491	-	-	3 612 491	3 612 491
Cash and cash equivalents	7 062 607	1 063 493	-	8 126 100	8 126 100
<b>TOTAL</b>	<b>13 910 072</b>	<b>7 074 086</b>	<b>220 435</b>	<b>21 204 593</b>	<b>21 398 968</b>
<b>Statutory assets</b>					
Receivables	<b>2 865 104</b>	<b>-</b>	<b>-</b>	<b>2 865 104</b>	<b>2 865 104</b>
<b>2020</b>					
<b>Financial assets</b>					
Investments	2 916 392	5 480 025	307 442	8 703 859	8 852 806
Long-term receivables	20 140	-	-	20 140	20 140
Contractual receivables	4 152 881	-	-	4 152 881	4 152 881
Cash and cash equivalents	8 097 003	1 269 566	-	9 366 569	9 366 569
<b>TOTAL</b>	<b>15 186 416</b>	<b>6 749 591</b>	<b>307 442</b>	<b>22 243 449</b>	<b>22 392 396</b>
<b>Statutory assets</b>					
Receivables	<b>3 130 318</b>	<b>-</b>	<b>-</b>	<b>3 130 318</b>	<b>3 130 318</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

	ECONOMIC ENTITY		
	Amortised cost	Total carrying amount	Fair value
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 190 041	5 190 041	5 190 041
<b>TOTAL</b>	<b>12 178 103</b>	<b>12 178 103</b>	<b>12 697 576</b>
<b>2020</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	5 009 033	5 009 033	5 009 033
<b>TOTAL</b>	<b>12 327 276</b>	<b>12 327 276</b>	<b>13 014 542</b>

Comparative restated: see note 36 for more details.

	CITY OF CAPE TOWN		
	Amortised cost	Total carrying amount	Fair value
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 167 812	-	5 167 812
<b>TOTAL</b>	<b>12 155 874</b>	<b>6 988 062</b>	<b>12 675 347</b>
<b>2020</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	4 971 265	4 971 265	4 971 265
<b>TOTAL</b>	<b>12 289 508</b>	<b>12 289 508</b>	<b>12 976 774</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.1 Fair values

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

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

	ECONOMIC ENTITY			
	Level 1	Level 2	Level 3	Total
<b>2021</b>				
<b>Financial assets</b>				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
<b>TOTAL</b>	<b>2 379 610</b>	<b>4 694 476</b>	<b>-</b>	<b>7 074 086</b>
<b>Financial liabilities</b>				
Borrowings	6 988 062	-	-	6 988 062

<b>2020</b>				
<b>Financial assets</b>				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
<b>TOTAL</b>	<b>2 044 201</b>	<b>4 705 390</b>	<b>-</b>	<b>6 749 591</b>
<b>Financial liabilities</b>				
Borrowings	7 318 243	-	-	7 318 243

	CITY OF CAPE TOWN			
	Level 1	Level 2	Level 3	Total
<b>2021</b>				
<b>Financial assets</b>				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
<b>TOTAL</b>	<b>2 379 610</b>	<b>4 694 476</b>	<b>-</b>	<b>7 074 086</b>
<b>Financial liabilities</b>				
Borrowings	6 988 062	-	-	6 988 062

<b>2020</b>				
<b>Financial assets</b>				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
<b>TOTAL</b>	<b>2 044 201</b>	<b>4 705 390</b>	<b>-</b>	<b>6 749 591</b>
<b>Financial liabilities</b>				
Borrowings	7 318 243	-	-	7 318 243

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

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

	ECONOMIC ENTITY			Total
	Up to 1 year	1-5 years	>5 years	
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	1 142 584	7 146 560	1 303 476	9 592 620
Capital repayments	440 239	5 491 652	1 056 171	6 988 062
Interest	702 345	1 654 908	247 305	2 604 558
Payables	5 190 041	-	-	5 190 041
<b>TOTAL</b>	<b>6 332 625</b>	<b>7 146 560</b>	<b>1 303 476</b>	<b>14 782 661</b>

	CITY OF CAPE TOWN			Total
	Up to 1 year	1-5 years	>5 years	
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	1 142 584	7 146 560	1 303 476	9 592 620
Capital repayments	440 239	5 491 652	1 056 171	6 988 062
Interest	702 345	1 654 908	247 305	2 604 558
Payables	5 167 812	-	-	5 167 812
<b>TOTAL</b>	<b>6 310 396</b>	<b>7 146 560</b>	<b>1 303 476</b>	<b>14 760 432</b>

### 1.3 Credit risk

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

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

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>Financial assets</b>	<b>21 066 723</b>	<b>22 194 723</b>	<b>20 984 158</b>	<b>21 941 326</b>
Investments	9 236 570	8 401 736	9 236 570	8 401 736
Long-term receivables – see note 7	8 997	20 140	8 997	20 140
Contractual receivables	3 672 837	4 235 229	3 612 491	4 152 881
Cash and cash equivalents	8 148 319	9 537 618	8 126 100	9 366 569
<b>Statutory assets</b>				
Receivables	2 863 141	3 128 073	2 865 104	3 130 318
<b>TOTAL</b>	<b>23 929 864</b>	<b>25 322 796</b>	<b>23 849 262</b>	<b>25 071 644</b>

Comparative restated: see note 36 for more details.

#### Investments, and cash and cash equivalents

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

#### Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.3 Credit risk (continued)

#### Receivables

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

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest trade debtors represent R338,64 million (2020: R231,06 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. Receivables are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.

### 1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue during that month
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue

### 1.5 Price risk

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

### 1.6 Market risk

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

#### 1.6.1 Interest rate risk

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

The effective rates on financial instruments as at 30 June 2021 were as follows:

#### MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

	ECONOMIC ENTITY				Total
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	
<b>2021</b>					
<b>Financial assets</b>					
Investments	4,83	3 947 362	6 252 213	100 488	10 300 063
Cash and cash equivalents	3,89	7 084 826	-	-	7 084 826
<b>TOTAL</b>		<b>11 032 188</b>	<b>6 252 213</b>	<b>100 488</b>	<b>17 384 889</b>
<b>Financial liabilities</b>					
Borrowings	10,04	440 239	5 491 652	1 056 171	6 988 062



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.6 Market risk (continued)

	CITY OF CAPE TOWN				Total
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	
<b>2021</b>					
<b>Financial assets</b>					
Investments	4,83	3 947 362	6 252 213	100 488	10 300 063
Cash and cash equivalents	3,89	7 062 607	-	-	7 062 607
<b>TOTAL</b>		<b>11 009 969</b>	<b>6 252 213</b>	<b>100 488</b>	<b>17 362 670</b>
<b>Financial liabilities</b>					
Borrowings	10,04	<b>440 239</b>	<b>5 491 652</b>	<b>1 056 171</b>	<b>6 988 062</b>

#### Sensitivity analysis

##### Financial assets

As at 30 June 2021, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R175,83 million (2020: R181,29 million), with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

##### Financial liabilities

Changes in the interest rate as at 30 June 2021 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

### 1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 2. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020 <sup>1</sup>		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	6 127 173	(2 299 049)	3 828 124	5 932 035	(2 063 478)	3 868 557
Infrastructure	51 301 901	(16 382 599)	34 919 302	46 606 369	(14 877 557)	31 728 812
Community	5 303 314	(1 757 532)	3 545 782	5 121 508	(1 642 841)	3 478 667
Other	12 220 641	(6 865 156)	5 355 485	11 341 266	(6 375 508)	4 965 758
Living resources	1 225	(649)	576	1 281	(513)	768
Service concession	6 343 407	(2 878 784)	3 464 623	6 123 470	(2 660 250)	3 463 220
Housing rental stock	3 329 058	(1 262 209)	2 066 849	3 237 642	(1 165 793)	2 071 849
<b>TOTAL</b>	<b>84 626 719</b>	<b>(31 445 978)</b>	<b>53 180 741</b>	<b>78 363 571</b>	<b>(28 785 940)</b>	<b>49 577 631</b>

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
<b>As at 30 June 2021</b>							
Land and buildings	3 868 557	84 164	94 436	(195)	(88 205)	(130 633)	3 828 124
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(1 114 861)	(144)	3 545 782
Other	4 965 758	(54 272)	1 312 241	(20 401)	(845 497)	(2 344)	5 355 485
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
<b>TOTAL</b>	<b>49 577 631</b>	<b>(78 587)</b>	<b>6 557 569</b>	<b>(23 228)</b>	<b>(2 712 578)</b>	<b>(140 066)</b>	<b>53 180 741</b>

(See annexure B for more details.)

<b>As at 30 June 2020</b>							
Land and buildings	3 652 297	192 800	189 071	(17)	(83 577)	(82 017)	3 868 557
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 412 449	(78 418)	1 433 335	(16 070)	(784 044)	(1 494)	4 965 758
Living resources	960	-	-	-	(192)	-	768
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
<b>TOTAL</b>	<b>46 276 694</b>	<b>80 639</b>	<b>6 146 228</b>	<b>(26 920)</b>	<b>(2 797 211)</b>	<b>(101 799)</b>	<b>49 577 631</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

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

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020 <sup>1</sup>		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 686 169	(1 128 600)	3 557 569	4 501 874	(1 044 104)	3 457 770
Infrastructure	51 301 901	(16 382 599)	34 919 302	46 606 369	(14 877 557)	31 728 812
Community	5 303 314	(1 757 532)	3 545 782	5 121 508	(1 642 841)	3 478 667
Other <sup>1</sup>	12 002 665	(6 710 814)	5 291 851	11 123 280	(6 242 191)	4 881 089
Living resources <sup>1</sup>	1 225	(649)	576	1 281	(513)	768
Service concession	6 343 407	(2 878 784)	3 464 623	6 123 470	(2 660 250)	3 463 220
Housing rental stock	3 329 058	(1 262 209)	2 066 849	3 237 642	(1 165 793)	2 071 849
<b>TOTAL</b>	<b>82 967 739</b>	<b>(30 121 187)</b>	<b>52 846 552</b>	<b>76 715 424</b>	<b>(27 633 249)</b>	<b>49 082 175</b>

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
<b>As at 30 June 2021</b>							
Land and buildings	3 457 770	104 186	80 129	(45)	(63 677)	(20 794)	3 557 569
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(114 861)	(144)	3 545 782
Other	4 881 089	(54 272)	1 307 757	(20 376)	(820 003)	(2 344)	5 291 851
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
<b>TOTAL</b>	<b>49 082 175</b>	<b>(58 565)</b>	<b>6 538 778</b>	<b>(23 053)</b>	<b>(2 662 556)</b>	<b>(30 227)</b>	<b>52 846 552</b>

(See annexure B for more details.)

<b>As at 30 June 2020</b>							
Land and buildings	3 174 420	192 800	149 700	-	(59 148)	(2)	3 457 770
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 316 864	(78 418)	1 417 983	(15 924)	(757 922)	(1 494)	4 881 089
Living resources	960	-	-	-	(192)	-	768
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
<b>TOTAL</b>	<b>45 703 232</b>	<b>80 639</b>	<b>6 091 505</b>	<b>(26 757)</b>	<b>(2 746 660)</b>	<b>(19 784)</b>	<b>49 082 175</b>

<sup>1</sup> The comparative reclassification relates to the new asset class introduced in the current year with the implementation of GRAP 110 Living and Non-living resources. These assets were previously classified as Other assets. See annexure B.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

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

#### Assets under construction

Carrying value	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Land and buildings	1 885	80 214	-	-
Infrastructure	3 707 170	3 096 336	3 707 170	3 096 336
Community	102 181	98 487	102 181	98 487
Service concession	-	39 276	-	39 276
Other	387 618	279 911	387 618	279 911
<b>TOTAL</b>	<b>4 198 854</b>	<b>3 594 224</b>	<b>4 196 969</b>	<b>3 514 010</b>
<b>PPE projects</b>				
<b>Significantly delayed</b>				
Land and buildings	-	80 214	-	-
Infrastructure	177 828	12 050	177 828	12 050
Other	63 942	-	63 942	-
Community	64 404	5 864	64 404	5 864
<b>TOTAL</b>	<b>306 174</b>	<b>98 128</b>	<b>306 174</b>	<b>17 914</b>
<p>The significant delays in the current year mainly relate to delays in the completion of work at the Contermanskloof Reservoir worth R132,29 million, the new Prince George Drop-off site worth R50,89 million, and work done at the Imizamo Yethu Informal Settlement worth R52,25 million.</p>				
<b>Halted</b>				
Infrastructure	32 558	4 052	32 558	4 052
Community	35 197	379	35 197	379
<b>TOTAL</b>	<b>67 755</b>	<b>4 431</b>	<b>67 755</b>	<b>4 431</b>
<p>The halted projects in the current year mainly related to contractual disputes regarding the Hout Bay Depot worth R32,56 million, and certain force majeure events at housing projects worth R29,99 million.</p>				

#### Capital commitments

Approved and contracted for capital expenditure	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Infrastructure	1 708 541	3 465 411	1 708 541	3 465 411
Community	75 429	35 866	75 429	35 866
Other	53 240	156 860	51 932	154 538
<b>TOTAL</b>	<b>1 837 210</b>	<b>3 658 137</b>	<b>1 835 902</b>	<b>3 655 815</b>

Capital commitments represent future capital expenditure, exclusive of VAT. The Entity is obligated to spend these amounts due to signed contracts with suppliers.

#### Repairs and maintenance

An amount of R2,69 billion (2020: R2,71 billion) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

#### Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 36).

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

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

#### Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R5,53 million (2020: R0,76 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

#### Impairment of cash-generating assets

A value-in-use amount of R308,7million (2020: R430,6 million) was determined for the CTICC 1 and CTICC 2 buildings combined. The current carrying value of R418,6 million (2020: R512,6 million) was established for the relevant assets in that cash-generating unit. This has resulted in the recognition of an impairment loss of R109,8 million (2020: R82,0 million).

Significant assumptions applied in arriving at the value in use are set out below:

- The restrictions imposed on the use of the facility and site in terms of the lease agreement and the Memorandum of Incorporation.
- That no active market exists between a willing buyer and a willing seller, through an arm's length transaction, where the value of the convention centre can be determined.
- The value-in-use of the cash-generating unit can only therefore be attributed to the present value of the future cash flows generated through the convention centre itself. The continued impact of the Covid-19 lockdown regulations on the operations, which directly impacts the reduction in future cash flows from the cash-generating unit is an indicator for potential impairment.
- No residual value could be attached to the convention centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- The value-in-use was estimated using a discounted flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional four years, assuming revenue growth of 7% (2020: 7%), as a result of the lower base due to the impact of the Covid-19 lockdown restrictions.
- A discount rate of 13,02% (2020: 13,23%) was used. This was calculated using the risk-free rate of 8,88% (2020: 9,23%) associated with the R2030 bond, adjusted by 4,14 percentage points to take into account the company's long-term borrowing cost of 7,00% (2020: 6,50%), a beta coefficient of 0,76 (2020: 0,76), as well as a market risk premium of 6,10% (2020: 6,10%) for uncertainty regarding the timing and extent of future cash flows.

### 3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 269	-	10 269

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
<b>As at 30 June 2021</b>					
Paintings and museum items	10 269	-	-	(1)	10 268
(See annexure B for more details.)					
<b>As at 30 June 2020</b>					
Paintings and museum items	10 280	-	-	(11)	10 269

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

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 3. HERITAGE ASSETS (continued)

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 269	-	10 269

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
<b>As at 30 June 2021</b>					
Paintings and museum items	10 269	-	-	(1)	10 268

(See annexure B for more details.)

#### As at 30 June 2020

Paintings and museum items	10 280	-	-	(11)	10 269
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### 4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(63 109)	579 534	642 643	(61 396)	581 247

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
<b>As at 30 June 2021</b>						
Land and buildings	581 247	-	-	(1 713)	-	579 534

(See annexure B for more details.)

#### As at 30 June 2020

Land and buildings	582 961	-	-	(1 714)	-	581 247
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## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 4. INVESTMENT PROPERTY (continued)

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(63 109)	579 534	642 643	(61 396)	581 247

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
<b>As at 30 June 2021</b>						
Land and buildings	581 247	-	-	(1 713)	-	579 534
(See annexure B for more details.)						
<b>As at 30 June 2020</b>						
Land and buildings	582 961	-	-	(1 714)	-	581 247

#### Repairs and maintenance

An amount of R0,24 million (2020: R2,37 million) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

### 5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(494 996)	66 445	561 441	(424 815)	136 626
Computer software	1 397 175	(834 335)	562 840	1 201 774	(733 050)	468 724
<b>TOTAL</b>	<b>1 958 616</b>	<b>(1 329 331)</b>	<b>629 285</b>	<b>1 763 215</b>	<b>(1 157 865)</b>	<b>605 350</b>

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
<b>As at 30 June 2021</b>						
Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	468 724	67 211	130 067	(103 162)	-	562 840
<b>TOTAL</b>	<b>605 350</b>	<b>67 211</b>	<b>130 067</b>	<b>(173 343)</b>	<b>-</b>	<b>629 285</b>
(See annexure B for more details.)						
<b>As at 30 June 2020</b>						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	494 389	27 492	34 378	(87 529)	(6)	468 724
<b>TOTAL</b>	<b>701 193</b>	<b>27 492</b>	<b>34 378</b>	<b>(157 707)</b>	<b>(6)</b>	<b>605 350</b>

Comparative restated: see note 36 for more details.



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 5. INTANGIBLE ASSETS (continued)

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(494 996)	66 445	561 441	(424 815)	136 626
Computer software	1 382 575	(824 385)	558 190	1 188 862	(725 810)	463 052
<b>TOTAL</b>	<b>1 944 016</b>	<b>(1 319 381)</b>	<b>624 635</b>	<b>1 750 303</b>	<b>(1 150 625)</b>	<b>599 678</b>

#### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposal	Carrying value
<b>As at 30 June 2021</b>						
Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	463 052	65 632	128 083	(98 577)	-	558 190
<b>TOTAL</b>	<b>599 678</b>	<b>65 632</b>	<b>128 083</b>	<b>(168 758)</b>	<b>-</b>	<b>624 635</b>

(See annexure B for more details.)

#### As at 30 June 2020

Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	486 374	27 492	32 579	(83 387)	(6)	463 052
<b>TOTAL</b>	<b>693 178</b>	<b>27 492</b>	<b>32 579</b>	<b>(153 565)</b>	<b>(6)</b>	<b>599 678</b>

### 6. INVESTMENTS

ECONOMIC ENTITY				
	Amortised cost	Fair value	Cost	Total
<b>As at 30 June 2021</b>				
RSA Government stock	53 351	-	-	53 351
Guaranteed investment instruments	3 071 050	-	-	3 071 050
Other fixed deposits	6 969 157	-	-	6 969 157
Deposits held with fund managers	-	7 074 086	-	7 074 086
<b>Net investments</b>	<b>10 093 558</b>	<b>7 074 086</b>	<b>-</b>	<b>17 167 644</b>
Transferred to current investments	(101 575)	(2 782 294)	-	(2 883 869)
Transferred to cash and cash equivalents - see note 10	(6 867 581)	(1 063 493)	-	(7 931 074)
<b>TOTAL</b>	<b>3 124 402</b>	<b>3 228 299</b>	<b>-</b>	<b>6 352 701</b>

#### As at 30 June 2020

RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	8 067 159	-	-	8 067 159
Deposits held with fund managers	-	6 749 591	-	6 749 591
	10 910 398	6 749 591	-	17 659 989
Provision for impairment	(5 319)	-	-	(5 319)
<b>Net investments</b>	<b>10 905 079</b>	<b>6 749 591</b>	<b>-</b>	<b>17 654 670</b>
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents - see note 10	(7 988 687)	(1 269 566)	-	(9 258 253)
<b>TOTAL</b>	<b>2 819 839</b>	<b>3 140 527</b>	<b>-</b>	<b>5 960 366</b>





## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 6. INVESTMENTS (continued)

CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total
<b>As at 30 June 2021</b>				
RSA Government stock	53 351	-	-	53 351
Guaranteed investment instruments	3 071 050	-	-	3 071 050
Other fixed deposits	6 948 576	-	-	6 948 576
Deposits held with fund managers	-	7 074 086	-	7 074 086
Shares in CTICC	-	-	833 998	833 998
	10 072 977	7 074 086	833 998	17 981 061
Provision for impairment	-	-	(613 563)	(613 563)
<b>Net investments</b>	10 072 977	7 074 086	220 435	17 367 498
Transferred to current investments	(101 575)	(2 782 294)	-	(2 883 869)
Transferred to cash and cash equivalents – see note 10	(6 847 000)	(1 063 493)	-	(7 910 493)
<b>TOTAL</b>	<b>3 124 402</b>	<b>3 228 299</b>	<b>220 435</b>	<b>6 573 136</b>
<b>As at 30 June 2020</b>				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
Shares in CTICC	-	-	833 998	833 998
	10 741 429	6 749 591	833 998	18 325 018
Provision for impairment	(5 319)	-	(526 556)	(531 875)
<b>Net investments</b>	10 736 110	6 749 591	307 442	17 793 143
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
<b>TOTAL</b>	<b>2 819 839</b>	<b>3 140 527</b>	<b>307 442</b>	<b>6 267 808</b>

#### Guaranteed investment instruments

A total of R3,07 billion (2020: R2,77 billion) has been ring-fenced for the repayment of long-term liabilities – see note 11.

#### Compensation for occupational injuries and diseases (COID investments)

In terms of the COID Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R53,35 million (2020: R72,01 million) and cash backed guarantees of R101,57 million (2020: R78,47 million).

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>Exchange transactions</b>				
Other	36 664	703	36 664	703
Provision for impairment	(36 263)	(210)	(36 263)	(210)
	401	493	401	493
Housing selling developments	14 537	23 256	14 537	23 256
Provision for impairment	(5 941)	(3 609)	(5 941)	(3 609)
	8 596	19 647	8 596	19 647
Payments made in advance	5 242	-	5 242	-
	14 239	20 140	14 239	20 140
Transferred to current receivables	(7 600)	(8 524)	(7 600)	(8 524)
<b>TOTAL</b>	<b>6 639</b>	<b>11 616</b>	<b>6 639</b>	<b>11 616</b>

#### Reconciliation of impairment provision

Balance at beginning of the year	3 819	2 154	3 819	2 154
Contribution to/from provisions	38 385	1 665	38 385	1 665
<b>Balance as at 30 June</b>	<b>42 204</b>	<b>3 819</b>	<b>42 204</b>	<b>3 819</b>

#### 7.1 Other

##### Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

##### Housing land sale

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

##### Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

##### Litigation debtors

The City is in a dispute with a service provider regarding outstanding claim.

#### 7.2 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 7% (2020:10%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties.

#### 7.3 Payments made in advance

Deposits paid to ESKOM for infrastructure related to housing developments which will be refunded on completion of the relevant projects.

### 8. INVENTORY

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Consumable stock	305 727	296 382	303 638	293 414
Water	49 730	48 686	49 730	48 686
Other goods held for use/resale	113 697	89 404	113 697	89 404
<b>TOTAL</b>	<b>469 154</b>	<b>434 472</b>	<b>467 065</b>	<b>431 504</b>

Inventory to the value of R0,107 million (2020: R3,56 million) was scrapped during the year, and R588,72 million (2020: R468,25 million) was expensed.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Statutory</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>	<b>5 979 294</b>	<b>(2 851 221)</b>	<b>3 128 073</b>
<b>From non-exchange transactions</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>	<b>5 979 294</b>	<b>(2 851 221)</b>	<b>3 128 073</b>
Property rates debtors	3 198 947	(974 445)	2 224 502	3 713 518	(1 202 448)	2 511 070
CID property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Government subsidies	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
<b>Contractual</b>	<b>8 226 836</b>	<b>(4 476 928)</b>	<b>3 749 908</b>	<b>9 223 494</b>	<b>(4 929 414)</b>	<b>4 294 080</b>
<b>From exchange transactions</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>	<b>9 205 919</b>	<b>(4 929 414)</b>	<b>4 276 505</b>
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Other receivables	548 950	(163 919)	384 367	731 423	(200 225)	531 198
Payments made in advance	77 071	-	77 071	58 851	-	58 851
<b>From non-exchange transactions</b>	<b>22 709</b>	<b>-</b>	<b>22 709</b>	<b>17 575</b>	<b>-</b>	<b>17 575</b>
Other receivables	22 709	-	22 709	17 575	-	17 575
<b>TOTAL</b>	<b>13 965 314</b>	<b>(7 352 265)</b>	<b>6 613 049</b>	<b>15 202 788</b>	<b>(7 780 635)</b>	<b>7 422 153</b>
<b>Total non-exchange transactions</b>	<b>5 761 187</b>	<b>(2 875 337)</b>	<b>2 885 850</b>	<b>5 996 869</b>	<b>(2 851 221)</b>	<b>3 145 648</b>
<b>Total exchange transactions</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>	<b>9 205 919</b>	<b>(4 929 414)</b>	<b>4 276 505</b>
<b>TOTAL</b>	<b>13 965 314</b>	<b>(7 352 265)</b>	<b>6 613 049</b>	<b>15 202 788</b>	<b>(7 780 635)</b>	<b>7 422 153</b>

As at 30 June 2021, the receivables balance included an amount of R132,86 million (2020: R267,00 million) owed by National Government and Province.

Comparative restated: see note 36 for more details.

### RECONCILIATION OF IMPAIRMENT PROVISION

	ECONOMIC ENTITY		
	Statutory	Contractual	TOTAL
<b>2021</b>			
Balance at beginning of the year	2 851 221	4 929 414	7 780 635
Contributions to provisions	1 730 049	1 092 257	2 822 306
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
<b>Balance as at 30 June</b>	<b>2 875 337</b>	<b>4 476 928</b>	<b>7 352 265</b>
<b>2020</b>			
Balance at beginning of the year	2 547 305	3 880 326	6 427 631
Contributions to provisions	1 276 221	1 497 787	2 774 008
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
<b>Balance as at 30 June</b>	<b>2 851 221</b>	<b>4 929 414</b>	<b>7 780 635</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 9. RECEIVABLES (continued)

### ANALYSIS OF RECEIVABLES' AGE IN DAYS

	STATUTORY RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>	<b>5 979 294</b>	<b>(2 851 221)</b>	<b>3 128 073</b>
<b>Property rates debtors</b>	<b>3 198 947</b>	<b>(974 445)</b>	<b>2 224 502</b>	<b>3 713 518</b>	<b>(1 202 448)</b>	<b>2 511 070</b>
Not past due date	1 797 540	-	1 797 540	1 662 410	-	1 662 410
Past due						
0-90	154 314	(3 493)	150 821	528 212	(4 820)	523 392
91-180	206 022	(30 461)	175 561	227 587	(36 408)	191 179
181-365	227 356	(96 508)	130 848	250 488	(110 490)	139 998
365+	813 715	(843 983)	(30 268)	1 044 821	(1 050 730)	(5 909)
<b>CIDs property rates debtors</b>	<b>69 792</b>	<b>(10 244)</b>	<b>59 548</b>	<b>76 256</b>	<b>(6 463)</b>	<b>69 793</b>
Not past due date	32 498	(584)	31 914	31 228	(418)	30 810
Past due						
0-90	13 756	(247)	13 509	26 400	(354)	26 046
91-180	6 427	(115)	6 312	7 631	(102)	7 529
181-365	7 956	(143)	7 813	5 481	(73)	5 408
365+	9 155	(9 155)	-	5 516	(5 516)	-
<b>Government subsidies</b>	<b>216 555</b>	<b>-</b>	<b>216 555</b>	<b>205 828</b>	<b>-</b>	<b>205 828</b>
Not past due date	216 555	-	216 555	205 828	-	205 828
<b>Traffic fines</b>	<b>2 253 184</b>	<b>(1 890 648)</b>	<b>362 536</b>	<b>1 983 692</b>	<b>(1 642 310)</b>	<b>341 382</b>
Past due						
0-90	451 556	(378 901)	72 655	165 958	(137 398)	28 560
91-180	392 369	(329 237)	63 132	304 853	(252 389)	52 464
181-365	541 073	(454 015)	87 058	573 836	(475 082)	98 754
365+	868 186	(728 495)	139 691	939 045	(777 441)	161 604
<b>TOTAL</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>	<b>5 979 294</b>	<b>(2 851 221)</b>	<b>3 128 073</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 9. RECEIVABLES (continued)

### ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

ECONOMIC ENTITY - CONTINUED						
CONTRACTUAL RECEIVABLES						
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>	<b>9 205 919</b>	<b>(4 929 414)</b>	<b>4 276 505</b>
<b>Electricity</b>	<b>1 963 494</b>	<b>(426 930)</b>	<b>1 536 564</b>	<b>2 093 357</b>	<b>(460 315)</b>	<b>1 633 042</b>
Not past due date	1 008 624	-	1 008 624	847 990	-	847 990
Past due						
0-90	351 640	(1 343)	350 297	587 898	(3 141)	584 757
91-180	99 712	(10 164)	89 548	137 516	(21 553)	115 963
181-365	122 796	(44 873)	77 923	121 458	(47 937)	73 521
365+	380 722	(370 550)	10 172	398 495	(387 684)	10 811
<b>Water</b>	<b>2 552 944</b>	<b>(1 739 499)</b>	<b>813 445</b>	<b>3 059 307</b>	<b>(2 071 523)</b>	<b>987 784</b>
Not past due date	318 883	-	318 883	284 947	-	284 947
Past due						
0-90	242 117	(18 942)	223 175	410 902	(30 981)	379 921
91-180	167 847	(58 914)	108 933	229 282	(74 644)	154 638
181-365	289 863	(154 268)	135 595	298 011	(152 255)	145 756
365+	1 534 234	(1 507 375)	26 859	1 836 165	(1 813 643)	22 522
<b>Waste management</b>	<b>834 603</b>	<b>(564 593)</b>	<b>270 010</b>	<b>920 905</b>	<b>(584 422)</b>	<b>336 483</b>
Not past due date	106 169	-	106 169	105 619	-	105 619
Past due						
0-90	74 419	(7 062)	67 357	142 479	(16 334)	126 145
91-180	51 680	(17 780)	33 900	86 625	(42 180)	44 445
181-365	90 675	(48 220)	42 455	138 328	(87 553)	50 775
365+	511 660	(491 531)	20 129	447 854	(438 355)	9 499
<b>Wastewater management</b>	<b>1 188 872</b>	<b>(629 189)</b>	<b>559 683</b>	<b>1 379 083</b>	<b>(744 736)</b>	<b>634 347</b>
Not past due date	253 004	-	253 004	315 753	-	315 753
Past due						
0-90	191 491	(6 342)	185 149	203 400	(9 517)	193 883
91-180	73 995	(22 996)	50 999	94 892	(36 263)	58 629
181-365	123 692	(62 511)	61 181	124 515	(69 917)	54 598
365+	546 690	(537 340)	9 350	640 523	(629 039)	11 484
<b>Housing rental stock</b>	<b>829 114</b>	<b>(757 435)</b>	<b>71 679</b>	<b>762 096</b>	<b>(687 007)</b>	<b>75 089</b>
Not past due date	85 008	(61 197)	23 811	78 154	(53 533)	24 621
Past due						
0-90	63 015	(45 365)	17 650	66 968	(45 871)	21 097
91-180	38 348	(27 607)	10 741	24 222	(16 591)	7 631
181-365	69 535	(50 058)	19 477	69 007	(47 267)	21 740
365+	573 208	(573 208)	-	523 745	(523 745)	-
<b>Housing selling stock</b>	<b>209 079</b>	<b>(194 699)</b>	<b>14 380</b>	<b>200 897</b>	<b>(181 186)</b>	<b>19 711</b>
Not past due date	361	(155)	206	2 917	(731)	2 186
Past due						
0-90	13 147	(5 649)	7 498	15 339	(4 344)	10 995
91-180	3 222	(1 385)	1 837	(1 455)	354	(1 101)
181-365	8 484	(3 645)	4 839	10 158	(2 527)	7 631
365+	183 865	(183 865)	-	173 938	(173 938)	-



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 9. RECEIVABLES (continued)

### ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

ECONOMIC ENTITY - CONTINUED						
CONTRACTUAL RECEIVABLES - continued						
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS</b>						
<b>Other receivables</b>	<b>548 950</b>	<b>(164 583)</b>	<b>384 367</b>	<b>731 423</b>	<b>(200 225)</b>	<b>531 198</b>
Not past due date	301 945	(2 472)	299 473	451 266	(3 017)	448 249
Past due						
0-90	39 434	(3 337)	36 097	64 990	(5 018)	59 972
91-180	20 201	(2 769)	17 432	(11 015)	698	(10 317)
181-365	34 912	(7 057)	27 855	36 836	(7 925)	28 911
365+	152 458	(148 948)	3 510	189 346	(184 963)	4 383
<b>Payments made in advance</b>	<b>77 071</b>	<b>-</b>	<b>77 071</b>	<b>58 851</b>	<b>-</b>	<b>58 851</b>
Not past due date	77 071	-	77 071	58 851	-	58 851
<b>FROM NON-EXCHANGE TRANSACTIONS</b>						
<b>Other receivables</b>	<b>22 709</b>	<b>-</b>	<b>22 709</b>	<b>17 575</b>	<b>-</b>	<b>17 575</b>
Not past due date	22 709	-	22 709	17 575	-	17 575
<b>TOTAL</b>	<b>8 226 836</b>	<b>(4 476 928)</b>	<b>3 749 908</b>	<b>9 223 494</b>	<b>(4 929 414)</b>	<b>4 294 080</b>

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts. Debtors to the value of R609,77 million (2020: R735,47 million) have arranged to repay their outstanding arrear debt over a renegotiated period.



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 9. RECEIVABLES (continued)

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Statutory</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>	<b>5 981 539</b>	<b>(2 851 221)</b>	<b>3 130 318</b>
<b>From non-exchange transactions</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>	<b>5 981 539</b>	<b>(2 851 221)</b>	<b>3 130 318</b>
Property rates debtors	3 200 910	(974 445)	2 226 465	3 715 763	(1 202 448)	2 513 315
CIDs property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Government subsidies	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
<b>Contractual</b>	<b>8 165 826</b>	<b>(4 476 264)</b>	<b>3 689 562</b>	<b>9 139 683</b>	<b>(4 928 128)</b>	<b>4 211 555</b>
<b>From exchange transactions</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>	<b>9 122 108</b>	<b>(4 928 128)</b>	<b>4 193 980</b>
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Other receivables	492 324	(163 919)	328 405	647 789	(198 939)	448 850
Payments made in advance	77 071	-	77 071	58 674	-	58 674
<b>From non-exchange transactions</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>	<b>17 575</b>	<b>-</b>	<b>17 575</b>
Other receivables	18 325	-	18 325	17 575	-	17 575
<b>TOTAL</b>	<b>13 906 267</b>	<b>(7 351 601)</b>	<b>6 554 666</b>	<b>15 121 222</b>	<b>(7 779 349)</b>	<b>7 341 873</b>
<b>Total non-exchange transactions</b>	<b>5 758 766</b>	<b>(2 875 337)</b>	<b>2 883 429</b>	<b>5 999 114</b>	<b>(2 851 221)</b>	<b>3 147 893</b>
<b>Total exchange transactions</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>	<b>9 122 108</b>	<b>(4 928 128)</b>	<b>4 193 980</b>
<b>TOTAL</b>	<b>13 906 267</b>	<b>(7 351 601)</b>	<b>6 554 666</b>	<b>15 121 222</b>	<b>(7 779 349)</b>	<b>7 341 873</b>

### RECONCILIATION OF IMPAIRMENT PROVISION

#### 2021

	Statutory	Contractual	TOTAL
Balance at beginning of the year	2 851 221	4 928 128	7 779 349
Contributions to provisions	1 730 049	1 092 879	2 822 928
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
<b>Balance as at 30 June</b>	<b>2 875 337</b>	<b>4 476 264</b>	<b>7 351 601</b>

#### 2020

	Statutory	Contractual	TOTAL
Balance at beginning of the year	2 547 305	3 878 643	6 425 948
Contributions to provisions	1 276 221	1 498 184	2 774 405
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
<b>Balance as at 30 June</b>	<b>2 851 221</b>	<b>4 928 128</b>	<b>7 779 349</b>



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

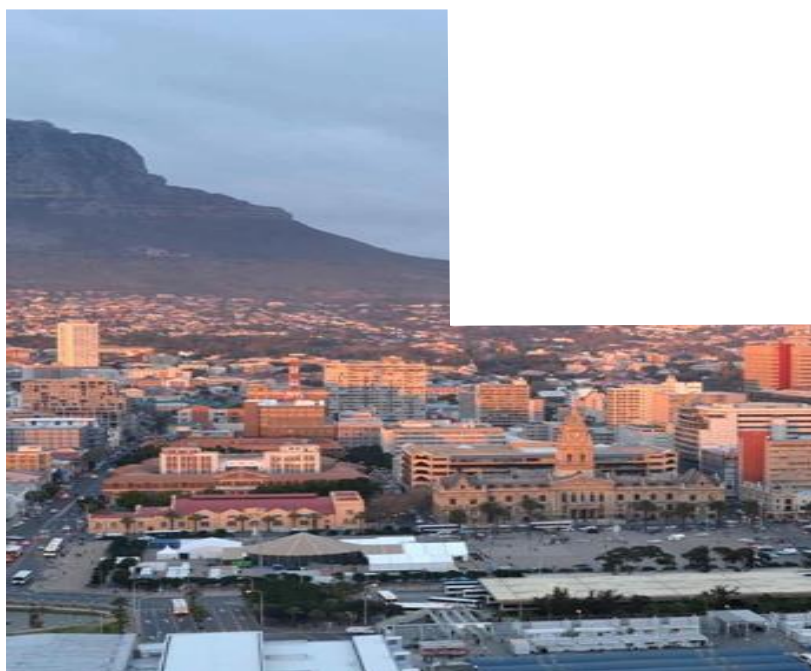
FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 9. RECEIVABLES (continued)

#### ANALYSIS OF RECEIVABLES' AGE IN DAYS

	STATUTORY RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>	<b>5 981 539</b>	<b>(2 851 221)</b>	<b>3 130 318</b>
<b>Property rates debtors</b>	<b>3 200 910</b>	<b>(974 445)</b>	<b>2 226 465</b>	<b>3 715 763</b>	<b>(1 202 448)</b>	<b>2 513 315</b>
Not past due date	1 799 503	-	1 799 503	1 664 655	-	1 664 655
Past due						
0-90	154 314	(3 493)	150 821	528 212	(4 820)	523 392
91-180	206 022	(30 461)	175 561	227 587	(36 408)	191 179
181-365	227 356	(96 508)	130 848	250 488	(110 490)	139 998
365+	813 715	(843 983)	(30 268)	1 044 821	(1 050 730)	(5 909)
<b>CIDs property rates debtors</b>	<b>69 792</b>	<b>(10 244)</b>	<b>59 548</b>	<b>76 256</b>	<b>(6 463)</b>	<b>69 793</b>
Not past due date	32 498	(584)	31 914	31 228	(418)	30 810
Past due						
0-90	13 756	(247)	13 509	26 400	(354)	26 046
91-180	6 427	(115)	6 312	7 631	(102)	7 529
181-365	7 956	(143)	7 813	5 481	(73)	5 408
365+	9 155	(9 155)	-	5 516	(5 516)	-
<b>Government subsidies</b>	<b>216 555</b>	<b>-</b>	<b>216 555</b>	<b>205 828</b>	<b>-</b>	<b>205 828</b>
Not past due date	216 555	-	216 555	205 828	-	205 828
<b>Traffic fines</b>	<b>2 253 184</b>	<b>(1 890 648)</b>	<b>362 536</b>	<b>1 983 692</b>	<b>(1 642 310)</b>	<b>341 382</b>
Past due						
0-90	451 556	(378 901)	72 655	165 958	(137 398)	28 560
91-180	392 369	(329 237)	63 132	304 853	(252 389)	52 464
181-365	541 073	(454 015)	87 058	573 836	(475 082)	98 754
365+	868 186	(728 495)	139 691	939 045	(777 441)	161 604
<b>TOTAL</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>	<b>5 981 539</b>	<b>(2 851 221)</b>	<b>3 130 318</b>





# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 9. RECEIVABLES (continued)

### ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

	CONTRACTUAL RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>	<b>9 122 108</b>	<b>(4 928 128)</b>	<b>4 193 980</b>
<b>Electricity</b>	<b>1 963 494</b>	<b>(426 930)</b>	<b>1 536 564</b>	<b>2 093 357</b>	<b>(460 315)</b>	<b>1 633 042</b>
Not past due date	1 008 624	-	1 008 624	847 990	-	847 990
Past due						
0-90	351 640	(1 343)	350 297	587 898	(3 141)	584 757
91-180	99 712	(10 164)	89 548	137 516	(21 553)	115 963
181-365	122 796	(44 873)	77 923	121 458	(47 937)	73 521
365+	380 722	(370 550)	10 172	398 495	(387 684)	10 811
<b>Water</b>	<b>2 552 944</b>	<b>(1 739 499)</b>	<b>813 445</b>	<b>3 059 307</b>	<b>(2 071 523)</b>	<b>987 784</b>
Not past due date	318 883	-	318 883	284 947	-	284 947
Past due						
0-90	242 117	(18 942)	223 175	410 902	(30 981)	379 921
91-180	167 847	(58 914)	108 933	229 282	(74 644)	154 638
181-365	289 863	(154 268)	135 595	298 011	(152 255)	145 756
365+	1 534 234	(1 507 375)	26 859	1 836 165	(1 813 643)	22 522
<b>Waste management</b>	<b>834 603</b>	<b>(564 593)</b>	<b>270 010</b>	<b>920 905</b>	<b>(584 422)</b>	<b>336 483</b>
Not past due date	106 169	-	106 169	105 619	-	105 619
Past due						
0-90	74 419	(7 062)	67 357	142 479	(16 334)	126 145
91-180	51 680	(17 780)	33 900	86 625	(42 180)	44 445
181-365	90 675	(48 220)	42 455	138 328	(87 553)	50 775
365+	511 660	(491 531)	20 129	447 854	(438 355)	9 499
<b>Wastewater management</b>	<b>1 188 872</b>	<b>(629 189)</b>	<b>559 683</b>	<b>1 379 083</b>	<b>(744 736)</b>	<b>634 347</b>
Not past due date	253 004	-	253 004	315 753	-	315 753
Past due						
0-90	191 491	(6 342)	185 149	203 400	(9 517)	193 883
91-180	73 995	(22 996)	50 999	94 892	(36 263)	58 629
181-365	123 692	(62 511)	61 181	124 515	(69 917)	54 598
365+	546 690	(537 340)	9 350	640 523	(629 039)	11 484
<b>Housing rental stock</b>	<b>829 114</b>	<b>(757 435)</b>	<b>71 679</b>	<b>762 096</b>	<b>(687 007)</b>	<b>75 089</b>
Not past due date	85 008	(61 197)	23 811	78 154	(53 533)	24 621
Past due						
0-90	63 015	(45 365)	17 650	66 968	(45 871)	21 097
91-180	38 348	(27 607)	10 741	24 222	(16 591)	7 631
181-365	69 535	(50 058)	19 477	69 007	(47 267)	21 740
365+	573 208	(573 208)	-	523 745	(523 745)	-
<b>Housing selling stock</b>	<b>209 079</b>	<b>(194 699)</b>	<b>14 380</b>	<b>200 897</b>	<b>(181 186)</b>	<b>19 711</b>
Not past due date	361	(155)	206	2 917	(731)	2 186
Past due						
0-90	13 147	(5 649)	7 498	15 339	(4 344)	10 995
91-180	3 222	(1 385)	1 837	(1 455)	354	(1 101)
181-365	8 484	(3 645)	4 839	10 158	(2 527)	7 631
365+	183 865	(183 865)	-	173 938	(173 938)	-

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 9. RECEIVABLES (continued)

#### ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

	CONTRACTUAL RECEIVABLES - continued					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS (continued)</b>						
<b>Other receivables</b>	<b>492 324</b>	<b>(163 919)</b>	<b>328 405</b>	<b>647 789</b>	<b>(198 939)</b>	<b>448 850</b>
Not past due date	245 435	(1 808)	243 627	367 835	(1 731)	366 104
Past due						
0-90	39 434	(3 337)	36 097	64 990	(5 018)	59 972
91-180	20 085	(2 769)	17 316	(11 218)	698	(10 520)
181-365	34 912	(7 057)	27 855	36 836	(7 925)	28 911
365+	152 458	(148 948)	3 510	189 346	(184 963)	4 383
<b>Payments made in advance</b>	<b>77 071</b>	<b>-</b>	<b>77 071</b>	<b>58 674</b>	<b>-</b>	<b>58 674</b>
Not past due date	77 071	-	77 071	58 674	-	58 674
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>	<b>17 575</b>	<b>-</b>	<b>17 575</b>
<b>Other receivables</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>	<b>17 575</b>	<b>-</b>	<b>17 575</b>
Not past due date	18 325	-	18 325	17 575	-	17 575
	<b>8 165 826</b>	<b>(4 476 264)</b>	<b>3 689 562</b>	<b>9 139 683</b>	<b>(4 928 128)</b>	<b>4 211 555</b>

### 10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>Amortised cost</b>	7 084 826	8 268 052	7 062 607	8 097 003
Bank balance*	196 536	252 221	195 135	250 376
Year-end accruals	(110)	35	(110)	35
Cash on hand and in transit	20 819	27 109	20 582	26 874
Call and short-term deposits – see note 6	6 867 581	7 988 687	6 847 000	7 819 718
<b>Fair value – see note 6</b>	<b>1 063 493</b>	<b>1 269 566</b>	<b>1 063 493</b>	<b>1 269 566</b>
Call and short-term deposits	1 053 506	1 258 161	1 053 506	1 258 161
Bank accounts managed by fund managers*	9 987	11 405	9 987	11 405
<b>TOTAL</b>	<b>8 148 319</b>	<b>9 537 618</b>	<b>8 126 100</b>	<b>9 366 569</b>

\*See annexure C for more details.

Entity comparative restated: see note 36 for more details.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>11. BORROWINGS</b>				
Marketable bonds	4 954 428	5 059 968	4 954 428	5 059 968
Concessionary loans	1 993 634	2 191 609	1 993 634	2 191 609
Other loans	40 000	66 666	40 000	66 666
Subtotal – see annexure A for more details	6 988 062	7 318 243	6 988 062	7 318 243
Transferred to current liabilities	(440 239)	(446 354)	(440 239)	(446 354)
<b>TOTAL</b>	<b>6 547 823</b>	<b>6 871 889</b>	<b>6 547 823</b>	<b>6 871 889</b>

A total of R3,07 billion (2020: R2,77 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6.

<b>MARKETABLE BONDS</b>	<b>4 954 428</b>	<b>5 059 968</b>	<b>4 954 428</b>	<b>5 059 968</b>
<b>Marketable bonds</b>	4 954 428	5 059 968	4 954 428	5 059 968
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,95 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).				
<b>CONCESSIONARY LOANS</b>	<b>1 993 634</b>	<b>2 191 609</b>	<b>1 993 634</b>	<b>2 191 609</b>
<b>Agence Française de Développement (AFD)</b>	1 031 116	1 165 246	1 031 116	1 165 246
An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2021 was R1,11 billion (2020: R1,27 billion).				
<b>KfW Development Bank</b>	962 518	1 026 363	962 518	1 026 363
An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2021 was R1,07 billion (2020: R1,16 billion).				
<b>OTHER LOANS</b>	<b>40 000</b>	<b>73 538</b>	<b>40 000</b>	<b>66 666</b>
<b>DBSA</b>	40 000	66 666	40 000	66 666
Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans will be fully paid on 31 December 2022.				
<b>TOTAL – see annexure A for more details</b>	<b>6 988 062</b>	<b>7 318 243</b>	<b>6 988 062</b>	<b>7 318 243</b>

For more details about short-term debt facilities available to the Entity, see annexure C.

In compliance with paragraph 7.3(g) of the JSE listing requirements, Mr Hilton Robbins, in his capacity as Manager: Treasury of City of Cape Town, has been appointed as debt officer of City of Cape Town with effect from 12 October 2020.

In compliance with paragraph 7.16, of the JSE listing requirements, the City has no loans or procurement transactions with any related parties, domestic prominent influential persons and prescribed officers as defined by the JSE Debt Listing Requirements.

Entity comparative restated: see note 36 for more details.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 12. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,46 billion (2020: R1,35 billion) to the DB and DC schemes are expensed as incurred during the year in review.

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

#### 12.1 Defined-benefit schemes

##### LA Retirement Fund (multi-employer fund)

The last statutory actuarial valuation of the fund was performed at 30 June 2020, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The funding basis valuation indicated an overall funding level of 100% for the DB section and pensioners account respectively at the financial year-end.

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

The fund is a DB plan and its last statutory valuation was at 1 July 2018. Its interim valuation results show a deficit of R601,2 million and a funding level of 96%. As a result, the fund is not considered financially sound in terms of Notice No. 2 of 2016 issued by the Financial Sector Conduct Authority (FSCA). The fund has since submitted a scheme of arrangement (SOA) to the Registrar of Pension Funds in terms of section 18 of the Pension Funds Act to return the fund to a financially sound position. The SOA requests that all participating employers contribute an additional 2% per annum over the next five to six years. The SOA and the approval for additional 2% contribution per annum will be implemented when approved by Council and a provision of R12,3 million has been included in Other provisions note 13.

#### 12.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

#### 12.3 Defined-benefit and defined-contribution scheme

##### Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2018, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2020.

	DB section	DC section	Total
In-service members	167	9 604	9 771
Pensioners	2 344	2 298	4 642
Membership as at 30 June 2020	<b>2 511</b>	<b>11 902</b>	<b>14 413</b>

	2020 R'million	2019 R'million
Past-service position: DB section	3 380	11 958
DC section	12 090	3 815
<b>Total liabilities</b>	<b>15 470</b>	<b>15 773</b>
Assets valued at market value	15 595	15 840
Actuarial surplus *	125	67

\*The actuarial surplus is mainly attributable to the DB in-service members and not refundable to the employer.

Key financial assumptions	2021 %	2020 %
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	2,04	0,72
Post-retirement	4,04	2,72
Normal retirement age	65 years	65 years

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 13. PROVISIONS

ECONOMIC ENTITY						
	As at 30 June 2021			As at 30 June 2020		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	237 146	79 286	316 432	299 857	79 287	379 144
Long-service leave benefits	713 938	81 383	795 321	662 572	49 434	712 006
Post-retirement medical aid benefits	6 129 623	290 989	6 420 612	5 429 905	278 610	5 708 515
Other provisions	33 805	1 121 013	1 154 818	34 869	981 292	1 016 161
<b>TOTAL</b>	<b>7 114 512</b>	<b>1 572 671</b>	<b>8 687 183</b>	<b>6 427 203</b>	<b>1 388 623</b>	<b>7 815 826</b>

#### MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service leave benefits	Post-retirement medical aid benefits	Other provisions	Total
Opening balance	379 144	712 006	5 708 515	1 016 161	7 815 826
Service cost	-	56 153	79 244	384	135 781
Interest cost	45 990	80 172	793 484	1 692	921 338
Payments/utilised	(26 593)	(81 204)	(280 090)	(1 036 452)	(1 424 339)
Additional provision raised	-	-	-	1 187 990	1 187 990
Reversals	-	-	-	(27 589)	(27 589)
Actuarial gains	-	28 194	119 459	370	148 023
Remeasurement	(82 109)	-	-	12 262	(69 847)
<b>TOTAL</b>	<b>316 432</b>	<b>795 321</b>	<b>6 420 612</b>	<b>1 154 818</b>	<b>8 687 183</b>

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	237 146	79 286	316 432	299 857	79 287	379 144
Long-service leave benefits	713 938	81 383	795 321	662 572	49 434	712 006
Post-retirement medical aid benefits	6 129 623	290 989	6 420 612	5 429 905	278 610	5 708 515
Other provisions	33 805	1 121 013	1 154 818	34 869	977 016	1 011 885
<b>TOTAL</b>	<b>7 114 512</b>	<b>1 572 671</b>	<b>8 687 183</b>	<b>6 427 203</b>	<b>1 384 347</b>	<b>7 811 550</b>

#### MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service leave benefits	Post-retirement medical aid benefits	Other provisions	Total
Opening balance	379 144	712 006	5 708 515	1 011 885	7 811 550
Service cost	-	56 153	79 244	384	135 781
Interest cost	45 990	80 172	793 484	1 692	921 338
Payments/utilised	(26 593)	(81 204)	(280 090)	(1 036 452)	(1 424 339)
Additional provision raised	-	-	-	1 187 990	1 187 990
Reversed	-	-	-	(23 313)	(23 313)
Actuarial losses	-	28 194	119 459	370	148 023
Remeasurements	(82 109)	-	-	12 262	(69 847)
<b>TOTAL</b>	<b>316 432</b>	<b>795 321</b>	<b>6 420 612</b>	<b>1 154 818</b>	<b>8 687 183</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 13. PROVISIONS (continued)

### 13.2 Environmental rehabilitation

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The valuation has been internally performed, based on the detailed report of the valuation conducted by an external firm of consultant engineers on 30 June 2020.

Key cost parameters	2021	2020
Estimated dates of reaching full capacity	Between 2018 and 2039	Between 2018 and 2031
Estimated post closure rehabilitation time	4 years	4 years
Period for monitoring post closure	30 years	30 years
Average estimated annual inflation rate	4,17%	3,82%
Discount rate at the average borrowing rate	12,18%	13,02%

### 13.2 Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for vested long-service 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 nominal and real zero curves as supplied by the JSE was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period,

Key cost parameters	2021	2020
Discount rate	Yield curve	11,26
Consumer price inflation	Difference between nominal and real yield curve	7,16
Salary increase	Equal to CPI + 1%	8,16

### 13.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

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

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

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2021 constituted 6 127 (2020: 6 224) in-service members and 6 920 (2020: 6 963) pensioners.

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

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

#### Continuation of membership

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

#### Family profile

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

#### Plan assets

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

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 13. PROVISIONS (continued)

#### 13.3 Post-retirement healthcare defined benefits (continued)

##### Discount rate

The fund benefit liability to the Entity as at 30 June 2021 has been discounted at a rate determined on the basis of the nominal and real zero curves as supplied by the JSE.

	2021	2020
<b>Key financial assumptions</b>		<b>%</b>
Discount rate	Yield curve	13,90
Consumer price inflation (CPI)	Difference between nominal and real yield curve	9,24
Healthcare cost inflation	CPI + 2%	11,24

Sensitivity analysis	Change in assumption	2021		
		Liability	Service costs	Interest costs
Assumptions used		<b>6 420 612 000</b>	<b>81 991 000</b>	<b>661 375 000</b>
Healthcare inflation	1% decrease	5 740 507 000	69 535 000	589 482 000
	1% increase	7 225 750 000	97 260 000	746 515 000
Post-retirement mortality	20% decrease	7 017 306 000	90 015 000	724 301 000
	20% increase	5 943 053 000	75 447 000	611 008 000

#### 13.4 Other Provisions

##### Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision of R1.05 billion (R924,16 million) 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.

### 14. DEPOSITS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Electricity and water	425 716	405 503	425 716	405 503
Other deposits	82 536	126 947	14 059	13 918
<b>TOTAL</b>	<b>508 252</b>	<b>532 450</b>	<b>439 775</b>	<b>419 421</b>

Entity comparative restated: see note 36 for more details.

### 15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other creditors	5 162 103	4 985 359	5 139 874	4 947 591
Payments received in advance	1 076 506	990 707	1 076 506	990 707
Funds administrated on behalf of third parties	27 938	23 674	27 938	23 674
<b>TOTAL</b>	<b>6 266 547</b>	<b>5 999 740</b>	<b>6 244 318</b>	<b>5 961 972</b>

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

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

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>				
<b>Conditional grants from other spheres of government</b>	951 592	1 229 048	951 592	1 229 048
National Government	543 682	954 696	543 682	954 696
Province	407 910	274 352	407 910	274 352
<b>Other conditional receipts</b>	167 677	163 124	167 677	163 124
Public contributions	167 677	163 124	167 677	163 124
<b>TOTAL</b>	<b>1 119 269</b>	<b>1 392 172</b>	<b>1 119 269</b>	<b>1 392 172</b>

### Neighbourhood Development Partnership Grant

The National Treasury required proof that funds transferred in July 2020 were depleted, that the City would be able to absorb additional funding, and that additional project approvals were obtained by the City. For these reasons, the National Treasury delayed the second tranche payment of R11,6 million which should have been received in October 2020. The allocation was also subsequently reduced as published in the Division of Revenue Second Amendment Bill, which was also not approved timeously. Therefore, only R8,4 million was received in March 2021.

### Expanded Public Works Programme Integrated Grant

The second tranche of R20 million was delayed due to non-reporting of the EPWP grant-funded projects on the EPWP reporting system. Whilst it should have been received in November 2020, it was received in December 2020.

### Public Transport Network Grant

The national Department of Transport delayed payment of the second tranche of R497,4 million in order to assess monthly progress reports submitted. The allocation was also subsequently reduced as published in the Division of Revenue Second Amendment Bill, which was also not approved timeously. Therefore, R200 million was received in February 2021 and R53.2 million was received in March 2021.

### Integrated City Development Grant

The National Treasury reduced allocations of certain grants by 1,2% in order to contain expenditure during the current constrained fiscal environment. The Division of Revenue Second Amendment Bill was not approved timeously resulting in delays of the reduced tranche payments. R32,9 million should have been received in November 2020, however, only R32,1 million was received in March 2021.

### Infrastructure Skills Development Grant

The National Treasury reduced allocations of certain grants by 1,2% in order to contain expenditure during the current constrained fiscal environment. The Division of Revenue Second Amendment Bill was not approved timeously resulting in delays of the reduced tranche payments. R5 million should have been received in January 2021, however, only R4,8 million was received in March 2021.

See notes 23, 24 and annexure D for more details of grants from National government and Province as well as public contributions.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>17. VALUE-ADDED TAX (VAT)</b>				
VAT payable	527 034	589 182	525 665	587 791
Impairment adjustment	(41 499)	(34 839)	(41 499)	(34 839)
Total VAT payable	485 535	554 343	484 166	552 952
VAT receivable	(398 617)	(379 654)	(397 786)	(379 654)
<b>TOTAL</b>	<b>86 918</b>	<b>174 689</b>	<b>86 380</b>	<b>173 298</b>

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



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>18. HOUSING DEVELOPMENT FUND</b>				
<b>Realised housing proceeds</b>				
Balance at beginning of the year	443 563	377 344	443 563	377 344
Income	19 948	73 701	19 948	73 701
Interest	15 884	24 805	15 884	24 805
Expenditure	(66 787)	(32 287)	(66 787)	(32 287)
<b>Balance at end of the year</b>	<b>412 608</b>	<b>443 563</b>	<b>412 608</b>	<b>443 563</b>
<b>Unrealised housing proceeds</b>				
Balance at beginning of the year	19 647	32 007	19 647	32 007
Long-term loans realised	(8 773)	(10 695)	(8 773)	(10 695)
Transfer to impairment provision – selling schemes	(2 279)	(1 665)	(2 279)	(1 665)
<b>Balance at end of the year</b>	<b>8 595</b>	<b>19 647</b>	<b>8 595</b>	<b>19 647</b>
<b>TOTAL</b>	<b>421 203</b>	<b>463 210</b>	<b>421 203</b>	<b>463 210</b>

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

### 19. SERVICE CHARGES

Electricity	14 216 870	14 222 993	14 235 170	14 248 623
Water and wastewater	4 792 516	4 534 853	4 794 668	4 541 952
Solid waste	1 402 726	1 350 098	1 403 064	1 350 425
ICASA ECNS licence	25 288	24 885	25 288	24 885
Other	653 880	730 079	643 592	714 509
<b>TOTAL</b>	<b>21 091 280</b>	<b>20 862 908</b>	<b>21 101 782</b>	<b>20 880 394</b>

Entity comparative restated: see note 36 for more details.

### 20. FINANCE INCOME

<b>Exchange transactions</b>	1 221 202	1 597 808	1 217 275	1 582 511
External investments	941 653	1 357 907	937 726	1 342 610
Outstanding debtors	320 734	298 953	320 734	298 953
Transferred interest to conditional grants	(41 185)	(59 052)	(41 185)	(59 052)
<b>Non-exchange transactions</b>				
Outstanding debtors	134 185	109 465	134 185	109 465
<b>TOTAL</b>	<b>1 355 387</b>	<b>1 707 273</b>	<b>1 351 460</b>	<b>1 691 976</b>

Entity comparative restated: see note 36 for more details.

### 21. OTHER INCOME

<b>Exchange transactions</b>	383 048	416 770	388 179	348 779
Bulk infrastructure levies	255 090	152 298	255 090	152 298
Other income	121 248	208 978	126 379	140 987
Gains on foreign-exchange transactions	336	2	336	2
Fair-value adjustments	6 374	55 492	6 374	55 492
<b>Non-exchange transactions</b>	270 239	370 404	270 239	370 404
CIDs	270 239	239 394	270 239	239 394
Fair-value adjustments	-	131 010	-	131 010
<b>TOTAL</b>	<b>653 287</b>	<b>787 174</b>	<b>658 418</b>	<b>719 183</b>

The City received services in kind to an estimated value of R11,52 million (2020: R15,22 million) in the form of volunteers.

Entity comparative restated: see note 36 for more details.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>22. PROPERTY RATES</b>				
<b>Actual</b>				
Residential, commercial and other	11 276 871	11 024 106	11 282 693	11 033 625
Income forgone	(1 277 662)	(1 191 840)	(1 277 662)	(1 191 840)
<b>TOTAL</b>	<b>9 999 209</b>	<b>9 832 266</b>	<b>10 005 031</b>	<b>9 841 785</b>

### Valuations per category

	2021	2020	2021	2020
Agriculture	8 842 435	7 823 081	8 842 435	7 823 081
Business and commercial	266 217 147	280 805 836	266 217 147	280 805 836
Industrial	90 667 953	90 350 732	90 667 953	90 350 732
Mining	258 108	214 188	258 108	214 188
Multiple-purpose	5 791 480	7 156 597	5 791 480	7 156 597
Organ of state (public service purposes)	37 552 525	40 388 212	37 552 525	40 388 212
Public benefit organisation	4 674 173	2 437 690	4 674 173	2 437 690
Public service infrastructure	12 582 925	12 529 473	12 582 925	12 529 473
Residential	1 176 512 842	1 144 122 786	1 176 512 842	1 144 122 786
Vacant land	37 861 339	37 777 795	37 861 339	37 777 795
Place of Worship	15 701 560		15 701 560	
<b>TOTAL valuation at commencement of financial year</b>	<b>1 656 662 487</b>	<b>1 623 606 390</b>	<b>1 656 662 487</b>	<b>1 623 606 390</b>

The new general valuation roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2022. It is based on market-related values and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA) 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

GV2018 has introduced new rates categories, as required by the MPRA. Therefore, comparative figures for the valuation per category are not available in all cases.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>23. GOVERNMENT GRANTS AND SUBSIDIES</b>				
<b>Unconditional grants</b>	3 929 222	3 256 778	3 929 222	3 256 778
<b>Conditional grants</b>	3 469 222	3 612 018	3 469 222	3 612 018
National Government	2 406 305	2 520 166	2 406 305	2 520 166
Province	1 062 917	1 091 852	1 062 917	1 091 852
<b>TOTAL</b>	<b>7 398 444</b>	<b>6 868 796</b>	<b>7 398 444</b>	<b>6 868 796</b>
<b>Analysis of government grants and subsidies</b>				
Operating	5 781 742	4 957 485	5 781 742	4 957 485
Capital	1 616 702	1 911 311	1 616 702	1 911 311
<b>TOTAL</b>	<b>7 398 444</b>	<b>6 868 796</b>	<b>7 398 444</b>	<b>6 868 796</b>

### 24. PUBLIC CONTRIBUTIONS

<b>Unconditional</b>	4 040	-	4 040	-
<b>Conditional</b>	191 924	66 251	191 924	66 251
Consumer connections	59 345	40 411	59 345	40 411
Contributed assets	124 531	60	124 531	60
Other	8 048	25 780	8 048	25 780
<b>TOTAL</b>	<b>195 964</b>	<b>66 251</b>	<b>195 964</b>	<b>66 251</b>



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>25. EMPLOYEE-RELATED COSTS</b>				
Salaries, wages and allowances	13 972 331	12 774 134	13 901 951	12 697 236
Contributions and benefits paid: current provisions	74 467	189 055	74 467	189 055
Contributions: post-retirement and long-service benefits	1 159 152	(85 354)	1 159 152	(85 354)
Current service costs	135 781	152 605	135 781	152 605
Interest costs	875 348	683 298	875 348	683 298
Actuarial loss/(gain)	148 023	(921 257)	148 023	(921 257)
Remeasurement of provisions	(2 985)	-	(2 985)	-
Expenditure recharged to capital projects	15 202 965	12 877 835	15 132 585	12 800 937
	(23 563)	(24 228)	(23 563)	(24 228)
<b>TOTAL</b>	<b>15 179 402</b>	<b>12 853 607</b>	<b>15 109 022</b>	<b>12 776 709</b>

Entity comparative restated: see note 36 for more details.

### 26. IMPAIRMENT COSTS

Receivables	2 854 064	2 803 823	2 854 653	2 804 042
Investments	-	-	87 007	58 745
Property, plant and equipment	140 066	101 799	30 227	19 784
<b>TOTAL</b>	<b>2 994 130</b>	<b>2 905 622</b>	<b>2 971 887</b>	<b>2 882 571</b>

### 27. FINANCE COSTS

Borrowings	772 811	762 895	772 811	762 895
Unwinding of discount	45 990	45 003	45 990	45 003
<b>TOTAL</b>	<b>818 801</b>	<b>807 898</b>	<b>818 801</b>	<b>807 898</b>

Entity comparative restated: see note 36 for more details.

### 28. BULK PURCHASES

Electricity	9 718 558	9 317 868	9 718 558	9 317 868
Water	429 208	553 902	429 208	553 902
<b>TOTAL</b>	<b>10 147 766</b>	<b>9 871 770</b>	<b>10 147 766</b>	<b>9 871 770</b>

### 29. CONTRACTED SERVICES

Transportation services	687 884	514 485	687 884	514 431
Refuse removal services	418 468	389 543	418 468	389 543
Sewerage services	529 321	424 148	529 321	424 148
Electrical services	281 945	242 531	273 947	234 074
Waste haulage services	265 856	252 608	265 856	252 608
Other services	421 634	311 241	421 280	299 046
<b>TOTAL</b>	<b>2 605 108</b>	<b>2 134 556</b>	<b>2 596 756</b>	<b>2 113 850</b>

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being outsourced instead.

Entity comparative restated: see note 36 for more details.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>30. GENERAL EXPENSES</b>				
Auditor remuneration	20 098	21 940	18 136	20 241
CID levies	262 132	232 212	262 132	232 212
Consultants	741 878	927 209	730 625	916 548
Electricity – Eskom service areas	166 596	162 897	165 856	163 667
Fair-value adjustments	2 107	3 184	2 107	3 184
Indigent relief	501 098	408 106	501 098	408 106
Loss on foreign-exchange transactions	921	1 783	968	1 842
Inventory: scrapping	107	3 559	107	3 559
Telecommunications	316 975	247 449	306 918	237 651
Building contractors	1 723 268	1 901 874	1 715 779	1 889 310
Fuel	280 912	287 905	280 623	287 369
Pharmaceutical supplies <sup>1</sup>	237 185	200 333	237 185	200 333
Minor tools and equipment	446 584	505 763	443 816	479 658
Security services	1 228 094	883 364	1 214 696	864 936
Servicing of vehicles and equipment	448 913	493 322	441 691	482 273
Other expenditure	2 165 341	2 137 688	2 130 170	2 097 339
	8 542 209	8 418 588	8 451 907	8 288 228
Contributions from provisions	(50 661)	(34 731)	(50 661)	(34 731)
	8 491 548	8 383 857	8 401 246	8 253 497
Expenditure recharged to capital projects	(2 886)	(2 155)	(2 886)	(2 155)
<b>TOTAL</b>	<b>8 488 662</b>	<b>8 381 702</b>	<b>8 398 360</b>	<b>8 251 342</b>

<sup>1</sup> In the current year pharmaceutical supplies became a material item due to Covid-19 and the comparative has been adjusted in order to presented it separately.

Entity comparative restated: see note 36 for more details.

## 31. TAXATION

### 31.1 DEFERRED TAXATION

#### CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2020: 28%).

At beginning of the year

Temporary differences: current year

prior year

At end of the year

(158 566)	(123 703)
(12 576)	(34 396)
(5 551)	(467)
<b>(176 693)</b>	<b>(158 566)</b>

### 31.2 TAXATION

#### Statement of financial performance charge

CTICC

<b>(12 576)</b>	<b>(34 396)</b>
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## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>32. CASH GENERATED FROM OPERATIONS</b>				
<b>Surplus for the year</b>	1 878 302	4 294 568	2 054 419	4 369 409
Adjustment for:	5 985 204	4 515 353	5 898 147	4 454 386
Contributed assets	(173 114)	(60)	(173 114)	(60)
Contribution to provisions	860 093	(221 276)	864 369	(219 975)
Depreciation	2 887 634	2 956 632	2 833 027	2 901 939
Fair-value adjustment	(4 267)	(183 318)	(4 267)	(183 318)
Gains and losses on disposal of assets	(60 974)	(46 421)	(60 974)	(46 421)
Impairment	2 994 097	2 905 443	2 971 887	2 882 571
Inventory scrapping	107	3 559	107	3 559
Unrealised foreign-exchange (gains)/losses	(229)	169	(229)	169
General expense	18 443	-	-	-
Finance income	(1 355 387)	(1 707 273)	(1 351 460)	(1 691 976)
Cash transactions	(1 308 676)	(1 657 602)	(1 304 749)	(1 642 305)
Non-cash transactions	(46 711)	(49 671)	(46 711)	(49 671)
Finance costs	818 801	807 898	818 801	807 898
Cash transactions	731 498	718 927	731 498	718 927
Non-cash transactions	87 303	88 971	87 303	88 971
<b>Operating surplus before working capital changes</b>	<b>7 863 506</b>	<b>8 809 921</b>	<b>7 952 566</b>	<b>8 823 795</b>
Increase in inventories	(38 071)	(55 480)	(42 133)	(54 579)
Increase in receivables	(1 966 491)	(3 077 604)	(1 989 010)	(3 057 378)
(Decrease)/increase in unspent conditional grants and receipts	(272 903)	94 002	(272 903)	94 002
(Decrease)/increase in deposits	(24 198)	80 103	20 354	8 459
Increase in payables	267 638	250 386	286 360	261 274
(Decrease)/increase in net VAT	(81 111)	16 448	(80 258)	15 057
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5 748 370</b>	<b>6 117 776</b>	<b>5 874 976</b>	<b>6 090 630</b>

Comparatives restated: see note 36 for more details.

### 33. OPERATING LEASE COMMITMENTS

#### 33.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

<b>Buildings</b>	35 980	55 190	35 980	55 190
Payable within one year	22 585	50 253	22 585	50 253
Payable within two to five years	13 395	4 937	13 395	4 937
<b>Radio masts</b>	585	920	585	920
Payable within one year	277	478	277	478
Payable within two to five years	308	442	308	442
<b>TOTAL</b>	<b>36 565</b>	<b>56 110</b>	<b>36 565</b>	<b>56 110</b>

Minimum lease payments recognised as an expense during the period amounted to R59,01 million (2020: R55,96 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

Entity comparative restated: see note 36 for more details.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 33. OPERATING LEASE COMMITMENTS (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>33.2 The Entity as lessor</b>				
Future minimum lease income under non-cancellable operating leases				
<b>Buildings</b>				
Receivable within one year	74 226	67 983	74 226	67 983
Receivable within two to five years	264 325	252 378	264 325	252 378
Receivable after five years	418 016	455 894	418 016	455 894
<b>TOTAL</b>	<b>756 567</b>	<b>776 255</b>	<b>756 567</b>	<b>776 255</b>

The Entity lets properties under operating leases. Property rental income earned during the year was R 71,21 million (2020: R61,93 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R4,22 million in current-year income.

### 34. CONTINGENT LIABILITIES

#### 34.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R292,84 million (2020: R284,36 million).

#### 34.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R281,50 million (2020: R262,43 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 35. PRINCIPAL-AGENT ARRANGEMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
<b>35.1 Principal arrangements</b>				
<b>Collection agents</b>				
<b>Prepaid electricity</b>				
The municipality has service providers Cigicell, Ontec, Flash and Sandulela who acts as agents for the municipality with the 3rd party sales of prepaid electricity. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.				
Commission paid to the agent	77 390	72 105	77 390	72 105
<b>Municipal accounts and fines</b>				
The municipality has a service providers who acts as 3rd party agents for the payment of the City of Cape Town's municipal accounts and traffic fines. All payments are paid into the third party agent's bank account and transferred to the City of Cape Town the next day. Each agent invoice the City for their commission payable and bank costs re-imbusement.				
Commission paid to the agent	53 402	56 378	53 402	56 378
<b>Free basic electricity</b>				
<b>Eskom areas</b>				
Eskom, on behalf of the Municipality, provide free basic electricity through its prepaid and conventional meters to eligible customers falling within the municipal boundaries of the Municipality. Eligible customers are identified according to the municipal rates policy. Eskom provides this service in advance and gets reimbursed by the Municipality in an amount equal to the free service provided. It receives no further compensation in terms of the agreement.				
<b>35.2 Agent arrangement</b>				
<b>Agent for the Western Cape Department of Transport and Public Works</b>				
The municipality acts as agent for the Western Cape Department of Transport and Public Works, where it provides motor vehicle registration and licenses services on behalf of the Western Cape Department of Transport and Public Works.				
<b>Reconciliation of amounts payable to the department</b>				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 433 521	1 024 959	1 433 521	1 024 959
Revenue recognised by municipality as agency fee (includes VAT)	(297 249)	(218 925)	(297 249)	(218 925)
Revenue paid over to the principal	(1 136 272)	(806 035)	(1 136 272)	(806 035)
Balance owing at the end of year	-	-	-	-



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES

### 36.1 Changes in accounting policies

The implementation of GRAP 35 have resulted in the City improvement District entities not meeting the definition of controlled entities and therefore no longer being consolidated.

The implementation of GRAP 110 Living and Non-living Resources introduced the new asset class Living Resources. These assets were previously classified as Other assets.

### 36.2 Reclassification

Cash from deposits have been reclassified from financing activities to operating activities in line with the latest guidance issued by the Accounting Standards Board.

Presented below are those items contained in the statement of financial position, statement of financial performance, cash flow statement and notes that have been affected by the changes in accounting policies and reclassifications.

ECONOMIC ENTITY					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2019</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		52 710 479	(15 483)	-	52 694 996
Intangible assets		46 292 153	(15 459)	-	46 276 694
		701 217	(24)	-	701 193
<b>Current assets</b>					
Receivables		18 957 799	(112 421)	-	18 845 378
Cash and cash equivalents		7 262 701	(1 919)	-	7 260 782
		8 712 870	(110 502)	-	8 602 368
<b>TOTAL ASSETS</b>		71 668 278	(127 904)	-	71 540 374
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings		13 154 744	(6 721)	-	13 148 023
		6 277 657	(6 721)	-	6 270 936
<b>Current liabilities</b>					
Payables from exchange transactions		9 217 308	(7 399)	-	9 209 909
Current portion of borrowings		5 753 442	(5 469)	-	5 747 973
		429 527	(1 930)	-	427 597
<b>TOTAL LIABILITIES</b>		22 372 052	(14 120)	-	22 357 932
<b>NET ASSETS</b>					
<b>Total net assets</b>		49 296 226	(113 784)	-	49 182 442
Accumulated surplus		44 174 137	(113 784)	-	44 060 353
<b>TOTAL NET ASSETS AND LIABILITIES</b>		71 668 278	(127 904)	-	71 540 374
<b>2020</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		56 923 338	(18 293)	-	56 905 045
Intangible assets		49 595 908	(18 277)	-	49 577 631
		605 366	(16)	-	605 350
<b>Current assets</b>					
Receivables		19 967 772	(128 291)	-	19 839 481
Cash and cash equivalents		7 425 519	(3 366)	-	7 422 153
		9 662 543	(124 925)	-	9 537 618
<b>TOTAL ASSETS</b>		76 891 110	(146 584)	-	76 744 526
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings		13 303 872	(4 780)	-	13 299 092
		6 876 669	(4 780)	-	6 871 889
<b>Current liabilities</b>					
Payables from exchange transactions		9 943 152	(9 124)	-	9 934 028
Current portion of borrowings		6 006 772	(7 032)	-	5 999 740
		448 446	2 092)	-	446 354
<b>TOTAL LIABILITIES</b>		23 247 024	(13 904)	-	23 233 120





# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2020 (continued)</b>					
<b>NET ASSETS</b>					
Total net assets		53 644 086	(132 680)	-	53 511 406
Accumulated surplus		47 710 727	(132 680)	-	47 578 047
<b>TOTAL NET ASSETS AND LIABILITIES</b>		76 891 110	(146 584)	-	76 744 526
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>Revenue</b>					
<b>Exchange revenue</b>		23 979 358	(263 487)	-	23 715 871
Service charges		20 866 331	(3 423)	-	20 862 908
Finance income		1 713 174	(5 901)	-	1 707 273
Other income		131 010	239 394	-	370 404
Gains on disposal of PPE		52 482	(31)	-	52 451
<b>Non-exchange revenue</b>		20 867 250	239 394	-	21 106 644
Other income		131 010	239 394	-	370 404
Total revenue		44 846 608	(24 093)	-	44 822 515
<b>Expenditure</b>					
Employee-related costs		12 882 057	(28 450)	-	12 853 607
Depreciation and amortisation expense		2 961 174	(4 542)	-	2 956 632
Finance costs		808 599	701	-	807 898
Contracted services		2 294 109	(159 553)	-	2 134 556
General expenses		8 193 641	188 061	-	8 381 702
Loss on disposal of PPE		6 042	(12)	-	6 030
Total expenditure		40 533 144	(5 197)	-	40 527 947
<b>NET SURPLUS FROM OPERATIONS</b>		4 313 464	(18 896)	-	4 294 568
<b>NET SURPLUS FROM OPERATIONS AFTER TAXATION</b>		4 347 860	(18 896)	-	4 328 964
Attributable to owners of the controlling entity		4 376 866	(18 896)	-	4 357 970
<b>SURPLUS FOR THE YEAR</b>		4 347 860	(18 896)	-	4 328 964
<b>CASH FLOW STATEMENT</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		39 501 355	(16 714)	80 103	39 564 744
Cash paid to suppliers and employees		(33 445 347)	(1 621)	-	(33 446 968)
<i>Cash generated from operations</i>		6 056 008	(18 335)	80 103	6 117 776
Finance income		1 663 503	(5 901)	-	1 657 602
Finance costs		(719 628)	701	-	(718 927)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		7 001 755	(23 535)	80 103	7 058 323
<b>Cash flow from investing activities</b>					
Additions to property, plant and equipment and other		(6 034 689)	7 499	-	(6 027 190)
Proceeds on disposal of assets		73 524	(166)	-	73 358
<b>NET CASH FROM INVESTING ACTIVITIES</b>		(6 837 158)	7 333	-	(6 829 825)
<b>Cash flow from financing activities</b>					
Proceeds from borrowings		1 091 765	1 779	-	1 093 544
(Decrease)/increase in deposits		80 103	-	(80 103)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		785 076	1 779	(80 103)	706 752
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		949 673	(14 423)	-	935 250
Cash and cash equivalents at the beginning of the year		8 712 870	(110 502)	-	8 602 368
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		9 662 543	(124 925)	-	9 537 618



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2020 (continued)</b>					
<b>FINANCIAL RISK MANAGEMENT</b>					
<b>Financial assets</b>					
<b>Amortised cost</b>					
Contractual receivables		15 568 104	(128 291)	-	15 439 813
Cash and cash equivalents		4 238 595	3 366	-	4 235 229
<b>TOTAL CARRYING AMOUNT</b>		9 662 543	(124 925)	-	9 537 618
<b>Non-derivative financial liabilities</b>					
<b>Amortised cost</b>					
Borrowings		12 341 180	(13 904)	-	12 327 276
Payables		7 325 115	(6 872)	-	7 318 243
<b>TOTAL CARRYING AMOUNT</b>		5 016 065	(7 032)	-	5 009 033
Borrowings		12 341 180	(13 904)	-	12 327 276
Payables		8 012 381	(6 872)	-	8 005 509
<b>FAIR VALUE</b>		5 016 065	(7 032)	-	5 009 033
<b>Fair value</b>		13 028 446	(13 904)	-	13 014 542
<b>Financial liabilities</b>					
Borrowings	1.1	7 325 115	(6 872)	-	7 318 243
<b>TOTAL</b>		7 325 115	(6 872)	-	7 318 243
<b>Credit risk</b>					
<b>Financial assets</b>					
Contractual receivables	1.3	22 323 014	(128 291)	-	22 194 723
Cash and cash equivalents		4 238 595	(3 366)	-	4 235 229
<b>TOTAL</b>		9 662 543	124 925	-	9 537 618
		25 451 087	(128 291)	-	25 322 796
<b>PROPERTY, PLANT AND EQUIPMENT</b>					
<b>Cost price</b>					
Land and buildings	2	78 405 648	(42 077)	-	78 363 571
Other		5 933 547	(1 512)	-	5 932 035
Living resources		11 383 112	(41 846)	-	11 341 266
		-	1 281	-	1 281
<b>Accumulated depreciation</b>		(28 809 740)	23 800	-	(28 785 940)
Land and buildings		(2 064 171)	693	-	(2 063 478)
Other		(6 399 128)	23 620	-	(6 375 508)
Living resources		-	(513)	-	(513)
<b>Carrying value</b>		49 595 908	(18 277)	-	49 577 631
Land and buildings		3 869 376	(819)	-	3 868 557
Other		4 983 984	(18 226)	-	4 965 758
Living resources		-	768	-	768
<b>INTANGIBLE ASSETS</b>					
<b>Cost price</b>					
Computer software	5	1 763 252	(37)	-	1 763 215
		1 201 811	(37)	-	1 201 774
<b>Accumulated depreciation</b>		(1 157 886)	21	-	(1 157 865)
Computer software		(733 071)	21	-	(733 050)
<b>Carrying value</b>		605 366	(16)	-	605 350
Computer software		468 740	(16)	-	468 724
<b>RECEIVABLES</b>					
<b>Gross balance</b>					
Contractual	9	15 206 154	(3 366)	-	15 202 788
From exchange transactions		9 226 860	(3 366)	-	9 223 494
Other Receivables		9 209 285	(3 366)	-	9 205 919
		734 789	(3 366)	-	731 423
<b>Net balance</b>		7 425 519	(3 366)	-	7 422 153
Contractual		4 297 446	(3 366)	-	4 294 080
From exchange transactions		4 279 871	(3 366)	-	4 276 505
Other Receivables		534 564	(3 366)	-	531 198



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2020 (continued)</b>					
<b>CASH AND CASH EQUIVALENTS</b>					
<b>Amortised cost</b>	10	8 392 977	(124 925)	-	<b>8 268 052</b>
Bank balance		377 146	(124 925)	-	<b>252 221</b>
<b>TOTAL</b>		<b>9 662 543</b>	<b>(124 925)</b>	<b>-</b>	<b>9 537 618</b>
<b>BORROWINGS</b>					
Other loans	11	73 538	(6 872)	-	<b>66 666</b>
Transferred to current liabilities		(448 446)	2 092	-	<b>(446 354)</b>
<b>TOTAL</b>		<b>6 876 669</b>	<b>(4 780)</b>	<b>-</b>	<b>6 871 889</b>
<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>					
Trade and other creditors	15	4 992 391	(7 032)	-	<b>4 985 359</b>
<b>TOTAL</b>		<b>6 006 772</b>	<b>(7 032)</b>	<b>-</b>	<b>5 999 740</b>
<b>SERVICE CHARGES</b>					
Other	19	733 502	(3 423)	-	<b>730 079</b>
<b>TOTAL</b>		<b>20 866 331</b>	<b>(3 423)</b>	<b>-</b>	<b>20 862 908</b>
<b>FINANCE INCOME</b>					
<b>Exchange transactions</b>	20	1 603 709	(5 901)	-	<b>1 597 808</b>
External Investments		1 363 808	(5 901)	-	<b>1 357 907</b>
<b>TOTAL</b>		<b>1 713 174</b>	<b>(5 901)</b>	<b>-</b>	<b>1 707 273</b>
<b>OTHER INCOME</b>					
<b>Exchange transactions</b>	21	670 902	(254 132)	-	<b>416 770</b>
Other income		223 716	(14 738)	-	<b>208 978</b>
CIDs		239 394	(239 394)	-	<b>-</b>
<b>Non-exchange transactions</b>		131 010	239 394	-	<b>370 404</b>
CIDs		-	239 394	-	<b>239 394</b>
<b>TOTAL</b>		<b>801 912</b>	<b>(14 738)</b>	<b>-</b>	<b>787 174</b>
<b>EMPLOYEE RELATED COST</b>					
Salaries, wages and allowances	25	12 802 584	(31 450)	-	<b>12 774 134</b>
<b>TOTAL</b>		<b>12 882 057</b>	<b>(31 450)</b>	<b>-</b>	<b>12 853 607</b>
<b>FINANCE COST</b>					
Borrowings	27	763 596	(701)	-	<b>762 895</b>
<b>TOTAL</b>		<b>808 599</b>	<b>(701)</b>	<b>-</b>	<b>807 898</b>
<b>CONTRACTED SERVICES</b>					
Other Services	29	470 794	(159 553)	-	<b>311 241</b>
<b>TOTAL</b>		<b>2 294 109</b>	<b>(159 553)</b>	<b>-</b>	<b>2 134 556</b>
<b>GENERAL EXPENSES</b>					
Auditor remuneration	30	22 737	(797)	-	<b>21 940</b>
CID levies		-	232 212	-	<b>232 212</b>
Consultants		928 520	(1 311)	-	<b>927 209</b>
Telecommunications		249 088	(1 639)	-	<b>247 449</b>
Fuel		288 909	(1 004)	-	<b>287 905</b>
Pharmaceutical supplies		-	200 333	-	<b>200 333</b>
Minor tools and equipment		505 777	(14)	-	<b>505 763</b>
Other expenditure		2 377 407	(239 719)	-	<b>2 137 688</b>
<b>TOTAL</b>		<b>8 193 641</b>	<b>188 061</b>	<b>-</b>	<b>8 381 702</b>



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2020 (continued)</b>					
<b>CASH GENERATED BY OPERATIONS</b>					
<b>Surplus for the year</b>	32	4 313 464	(18 896)	-	<b>4 294 568</b>
Adjustment for:		4 514 676	677	-	<b>4 515 353</b>
Depreciation		2 961 174	(4 542)	-	<b>2 956 632</b>
Gain and loss on disposal of PPE and other assets		(46 440)	19	-	<b>(46 421)</b>
Finance income		(1 713 174)	5 901	-	<b>(1 707 273)</b>
Cash transactions		(1 663 503)	5 901	-	<b>(1 657 602)</b>
Finance costs		808 599	(701)	-	<b>807 898</b>
Cash transactions		719 628	(701)	-	<b>718 927</b>
<b>Operating surplus before working capital changes:</b>		8 828 140	18 219	-	<b>8 809 921</b>
Increase in receivables		(3 079 051)	1 447	-	<b>(3 077 604)</b>
(Decrease)/increase in deposits		-	-	80 103	<b>80 103</b>
Increase in payables from exchange transactions		251 949	(1 563)	-	<b>250 386</b>
<b>Cash generated by operations</b>		<b>6 056 008</b>	<b>(18 335)</b>	<b>80 103</b>	<b>6 117 777</b>
<b>OPERATING LEASE COMMITMENTS</b>					
<b>The City as Lessee</b>	33				
<b>Land and buildings</b>	33.1				
Payable within one year		55 203	(13)	-	<b>55 190</b>
		50 266	(13)	-	<b>50 253</b>
<b>TOTAL</b>		<b>56 123</b>	<b>(13)</b>	<b>-</b>	<b>56 110</b>

CITY OF CAPE TOWN					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
<b>2020</b>					
<b>CASH FLOW STATEMENT</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		39 347 730	-	8 459	<b>39 356 189</b>
Cash generated from operations		6 082 171	-	8 459	<b>6 090 630</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>7 005 549</b>	<b>-</b>	<b>8 459</b>	<b>7 014 008</b>
<b>Cash flow from financing activities</b>					
Increase in deposits		8 459	-	(8 459)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>715 211</b>	<b>-</b>	<b>(8 459)</b>	<b>706 752</b>
<b>CASH GENERATED BY OPERATIONS</b>					
<b>Operating surplus before working capital changes:</b>	32	8 823 795	-	-	<b>8 823 795</b>
Increase in deposits		-	-	8 459	<b>8 459</b>
<b>Cash generated by operations</b>		<b>6 082 171</b>	<b>-</b>	<b>8 459</b>	<b>6 090 630</b>

#### 36.3 Change in accounting estimate

##### Annual review of assets' useful lives

The City's annual review of the useful lives resulted in a decrease of R283,38 million (2020: R105,60 million) in the depreciation charge to the statement of financial performance. The effect of the change is an estimated decrease in depreciation of R267,27 million for 2022 and R261,03 million for 2023.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 37. BUDGET INFORMATION

### 37.1 Explanation of variances on the statement of comparison of budget and actual amounts

The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.

- The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
- The differences in capital spend recognition are set out in the table below:

	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>Annual financial statements</b>	<b>6 687 636</b>	<b>6 666 861</b>
Landfill site provision estimate	34 726	34 726
Contributed assets	(173 114)	(173 114)
<b>Budget</b>	<b>6 549 248</b>	<b>6 528 473</b>

### 37.2 Explanation of variances greater than 10%: final budget and actual amounts

#### 37.2.1 Statement of financial performance

##### Revenue

##### i) Other own revenue

The variance is largely due to more than planned traffic fines issued, the eradication of traffic fines backlogs caused by the implementation of the contravention system, and in addition the more than planned actual fines income collected/paid as a result of an increased initiative to collect outstanding traffic fines. In addition, more than planned agency income was realised due to more than planned registrations of new/unlicensed vehicles and vehicle license renewals.

##### Expenditure

##### ii) Remuneration of Councillors

The variance is largely due to no proclamation on the annual salary increase for councillors by the National Minister of COGTA, and less than planned travel claims submitted by councillors during the year as a result of Covid-19 restrictions and lockdown periods.

##### iii) Debt impairment

The variance is due to lower-than-budgeted provision for debt impairment realised on Electricity Debtors (45%), Water and Solid Waste debtors (11%) and Property Rates debtors (60%). In addition, the higher-than-budgeted provision realised on Traffic Fines (47%) contributed to the final variance as indicated. The calculation in respect of the impairment of receivables are 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. In addition, budget calculations included assumptions of the possible negative impact of Covid-19 on the ability of debtors to make payments during the year.

##### iv) Transfers and Grants

The variance is largely due to delays with the construction of top structures relating to People Housing Processes (PHP) projects. In addition, lower than anticipated Grant in aid applications were received from non-profit - and Public Benefit organisations. These organisations had to apply for a grant in aid instead of receiving a rates rebate in terms of the revised criteria as per the City's Rates policy. Further underspending can be contributed to Sponsorships of Approved Events that could not be held due to the impact of Covid-19 restrictions and lockdown requirements.

#### 37.2.2 Cash flow statement

##### i) Net cash from operating

The variance is mainly as a result of an increase in operating revenue, as well as an underspending of operating expenditure.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

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

#### Capital expenditure

- i) Community Services and Health  
The variance is due to the delay in the award of the building maintenance tender and the impact of the unforeseen stopping of the professional services tender. Added to this was the impact of longer than expected community engagements in impoverished communities.
- ii) Corporate Services  
The variance in the implementation of projects is due to the non-accessibility of construction site, the reprioritisation of the development of systems and the fact that the suppliers of IT equipment could not supply due to the impact of the Covid-19 pandemic globally.
- ii) Economic Opportunities and Asset Management  
The variance is as a result of some fleet items that could not be delivered by 30 June 2021 as a result of delays in production and shipping of vehicles from Germany due to the Covid-19 pandemic.
- iv) Energy and Climate Change  
The variance in the implementation and completion of projects is as a result of community interference; supplier constraints; delay in award of tenders; inclement weather; land invasions; contractor disputes requiring adjudication and material shortages.
- v) Finance  
The variance in the implementation of projects is due to savings realised in construction of Cape Town Stadium suites as a result of actual tender price being lower than budgeted for, as well as Covid-19 implications, inclement weather which prohibited flying and air traffic control restrictions pertaining to aerial photography.
- vi) Human Settlements  
The variance in the implementation of projects is a result of delays experienced due to the impact of the Covid-19 lockdown on the implementation of the projects, community dynamics and influences, gang violence, land invasions that prevented projects from going ahead as planned, procurement delays and planning approval delays.
- vii) Office of the City Manager  
The variance in the implementation of the projects is mainly the result of delays experienced in the delivery of computers and IT equipment, as well as the impact of Covid-19 on the ability of vendors to supply computers and IT equipment. In addition, savings were realised due to actual expenditure being less than planned expenditure on certain items procured.
- viii) Spatial Planning and Environment  
The variance in the implementation of projects is as a result of capacity constraints on tenders; stop works instruction on tenders; national shortage of steel; capacity constraints from ERP to assist with E-System projects and lastly, unreasonable condition inserted by seller compromised the land acquisition.
- ix) Transport  
The variance in the implementation of projects is the result of the delay in the appointment of contractors and professional service providers, unavailability of term tenders, cost savings materialised with the completion of projects and inclement weather conditions.
- x) Urban Management  
The variance in the implementation of projects is the result of tenders no longer being available for utilisation and the delay in the delivery of IT equipment due to supplier constraints.
- xi) Management: Water and Waste  
The variance is due to savings realised after procurement of printing machine. The initially recommended machines is out of production, and as a result the alternative came at a lower price.
- xii) Solid Waste Management  
The variance is largely attributable to delay in delivery of fleet which was caused by halted ships in overseas harbours and unspent contingencies.
- xiii) Water and Sanitation  
The variance is as a result of delays flowing from appeals lodged on tenders, community resistance, items not delivered on time due to supplier constraints and unavailability of stock and unspent contingencies.
- xiii) CTICC  
The variance is due to the company finalising phases 1 and 2 of the CTICC 2 construction project and obtaining the final certificates.



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION

#### 38.1 Political parties' arrears

Included in the debtors' arrears is an amount of R2 710.11 (2020: R383 584.39) outstanding for more than 90 days, owed by the representative political parties to the Entity.

#### 38.2 Broad-Based Black Economic Empowerment (B-BBEE) Act

Information on compliance with the B-BBEE Act is included in the annual report under the section "Appendix M: B-BBEE compliance performance report".

#### 38.3 Municipal Finance Management Act

##### 38.3.1 Section 124(1)(b)

##### 38.3.1.1 Disclosure concerning councillors' municipal accounts in arrears

#### 2021

During the **financial year**, there were no councillors in arrears for 90 days or more for rates and/or services.

#### 2020

During the **financial year**, the following councillors were more than 90 days in arrears for rates or services but have since paid their accounts in full:

- G Classen
- MM Bele
- PN Sandla

##### 38.3.2 Section 125

##### 38.3.2.1 Irregular expenditure

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Opening balance	885 952	950 370	885 952	950 370
Expenditure incidents identified in the current year, relating to	762 186	669 164	762 186	669 164
Current year	385 866	506 072	385 866	506 072
Prior year	376 320	163 092	376 320	163 092
	<b>1 648 138</b>	1 619 534	<b>1 648 138</b>	1 619 534
Resolved by Council	(1 060 872)	(733 582)	(1 060 872)	(733 582)
<b>Closing balance</b>	<b>587 266</b>	<b>885 952</b>	<b>587 266</b>	<b>885 952</b>

Incidents	2021	2020	2021	2020
Legal services procurement not in terms of SCM regulations	34 379	44 488	34 379	44 488
Restrictive/biased bids	-	76 718	-	76 718
Expenditure incurred after contract expiry	124 742	435 113	124 742	435 113
Non-compliance with SCM regulations and sections 33 and 116(3) of the MFMA	603 065	112 845	603 065	112 845
<b>TOTAL</b>	<b>762 186</b>	<b>669 164</b>	<b>762 186</b>	<b>669 164</b>

The irregular expenditure is disclosed exclusive of VAT.



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.3 Municipal Finance Management Act (continued)

##### 38.3.2 Section 125 (continued)

##### 38.3.2.2 Unauthorised expenditure

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Opening balance	6 567	-	6 567	-
Expenditure incidents identified in the current year	-	6 567	-	6 567
Resolved by Council	6 567	6 567	6 567	6 567
	(6 567)	-	(6 567)	-
<b>Closing balance</b>	<b>-</b>	<b>6 567</b>	<b>-</b>	<b>6 567</b>

Incident	Proceedings
Procurement without budget authority	Awaiting condonement from Council

-	6 567	-	6 567
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##### 38.3.2.3 Fruitless and wasteful expenditure

Opening balance	16 591	19 802	16 591	19 802
Expenditure incidents identified in the current year, relating to	12 328	28	12 328	28
Current year	11 372	-	11 372	-
Prior year	956	28	956	28
Resolved by Council	28 919	19 830	28 919	19 830
	(17 097)	(3 239)	(17 097)	(3 239)
<b>Closing balance</b>	<b>11 822</b>	<b>16 591</b>	<b>11 822</b>	<b>16 591</b>

Incidents
Fraudulent payment
Theft of City's assets
Interest paid on late payments
Extension of time claims
Other

-	7	-	7
-	21	-	21
1 335	-	1 335	-
7 916	-	7 916	-
3 077	-	3 077	-
<b>12 328</b>	<b>28</b>	<b>12 328</b>	<b>28</b>

TOTAL

##### 38.3.2.4 Material losses

###### Water losses

In the current year, the material losses were 15,91% (2020: 10,54%). These are made up of 9,87% reticulation losses (2020: 10,08%) and 6,04% abnormal production losses (2020: 0,46%). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R413,7 million (2020: R413,9 million).

<b>286 581</b>	<b>191 347</b>	<b>286 581</b>	<b>191 347</b>
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###### Electricity losses

In the current year, the energy losses were 11,95% (2020: 9,73%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R630,51 million (2020: R605,10 million).

<b>528 795</b>	<b>300 337</b>	<b>528 795</b>	<b>300 337</b>
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## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.3 Municipal Finance Management Act (continued)

##### 38.3.2 Section 125 (continued)

##### 38.3.2.5 Other compulsory disclosures

ECONOMIC ENTITY				
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
<b>As at 30 June 2021</b>				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	22 602	2 279 217	4 078 453
Amount paid: current year	-	(22 625)	(2 094 609)	(3 733 538)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
<b>Balance unpaid (included in payables)</b>	<b>(15 517)</b>	<b>217</b>	<b>184 608</b>	<b>344 915</b>

<b>As at 30 June 2020</b>				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	25 540	2 049 213	3 751 867
Amount paid: current year	-	(25 155)	(1 878 665)	(3 429 135)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
<b>Balance unpaid (included in payables)</b>	<b>(14 877)</b>	<b>240</b>	<b>170 548</b>	<b>322 732</b>

CITY OF CAPE TOWN				
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
<b>As at 30 June 2021</b>				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	20 640	2 278 870	4 069 513
Amount paid: current year	-	(20 663)	(2 094 262)	(3 724 598)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
<b>Balance unpaid (included in payables)</b>	<b>(15 517)</b>	<b>217</b>	<b>184 608</b>	<b>344 915</b>
<b>As at 30 June 2020</b>				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	23 044	2 049 213	3 742 916
Amount paid: current year	-	(22 659)	(1 878 665)	(3 420 184)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
<b>Balance unpaid (included in payables)</b>	<b>(14 877)</b>	<b>240</b>	<b>170 548</b>	<b>322 732</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

### 38.4 Supply Chain Management regulations

#### 38.4.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer or his delegate (Director: SCM) and noted by Council.

##### Incidents

Greater than R200 000

Less than R200 000

**TOTAL amount approved by the Accounting Officer or his delegated authority, noted by Council and Board members**

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Greater than R200 000	860 447	804 537	840 933	788 071
Less than R200 000	236 261	255 826	236 261	255 826
<b>TOTAL amount approved by the Accounting Officer or his delegated authority, noted by Council and Board members</b>	<b>1 096 708</b>	<b>1 060 363</b>	<b>1 077 194</b>	<b>1 043 897</b>

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

Rates based deviation awards are disclosed in the annual financial statements based on the total expenditure incurred during the reporting period. Expenditure relating to rates based deviation awards are reported in each of the subsequent reporting periods up until the expiry of the contract.

The amounts for deviations below R200 000 thousand are VAT inclusive. All other figures are VAT exclusive.

#### 38.4.2 SCM breaches

Ratification of minor breaches

**TOTAL amount regularised and ratified**

Ratification of minor breaches	2 543	1 664	-	-
<b>TOTAL amount regularised and ratified</b>	<b>2 543</b>	<b>1 664</b>	<b>-</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>AAE CATERING</b> Y Ebrahim	Regional Operations Manager	239	239
<b>ADVOCC CC</b> I Zimri	Department of Health	19	19
<b>AGL BUILDING REPAIRS AND MAINTENANCE SUP</b> G Elloker	Clerk	76	76
<b>ALFALACH ENGINEERING CC</b> L Martin	Department of Transport	680	680
<b>ANLO PRINT &amp; MAIL CC</b> N Taylor	Administrative Officer	328	328
<b>ASEP ELECTRICAL</b> Z September	Teacher	9 192	9 192
<b>ATHLONE AUTO TRANSMISSIONS</b> N Joseph	Provincial Government: Director	503	503
<b>BARENDS F</b> T Barends	SAP Developer	127	127
<b>BATTERY CENTRE MITCHELLS PLAIN</b> F Badernhost	Stellenbosch Municipality: Councillor	110	110
<b>BERGSTAN SOUTH AFRICA CONSULTING &amp;</b> J Beukes	Department of Social Development	6 599	6 599
<b>BOB C IMPORT/EXPORT AGENCIES CC</b> C Padiachy	Clerk	200	200
<b>BOKAMOSO ENTERPRISE SOLUTIONS</b> M Thobejane	Department of Land Affairs	325	325
<b>BOL CONSULTING</b> K Loff	Project Manager	51	51
<b>BOWMAN GILFILLAN INC (LEGAL AND LAND)</b> A Visser B Sepuba C Dyer CB Franklyn E Barnard E Tipru E van den Berg G Mellem H Ben-David J van den Heuvel M de Villers M Low M Nyali M van Aardt Mr Deokiram O Bhayat P Naidoo Q Green RR Ramdenee S February S Naicker S Pillay S Zondo T Mtshali T Sass	Integration (default position) Special Recruitment NDE: Deputy Director Specialist Scientist Telkom Senior Application Analyst School Psychologist Teacher Captain Magistrate Project and Process Manager Head Teacher Medical Doctor Logistics Manager Member of Mayoral Committee Doctor JHB City Power: Director Finance Vice President Educator Head Educator Operations Manager Deputy Principal Head: Compliance and Probity	3 671	3 671



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## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>BRAINPLAY</b> Mr Pieterse	Teacher	798	798
<b>C &amp; A FRIEDLANDER INC</b> AW Bell	Higher Education	4 091	4 091
<b>CHARMLU BUILDERS</b> C Absolom	Administrative Clerk	356	356
<b>CLIFFE DEKKER HOFMEYR INCORPORATED</b> B Rapuleng	Communications Officer Registrar of the Deputy Judge President of the Gauteng Local Division	729	729
P Van Wyk			
<b>COEUR INVESTMENTS</b> P Bell	Sports Facilitator	5 352	5 352
<b>COMPUTER SPECIALISTS (PTY) LTD</b> N Orrie	Senior Superintendent Waste Water	4 057	4 057
<b>CONLOG</b> N Moodley	Department of Health: Director	5 021	5 021
<b>CPR TRUCK REPAIRS</b> B Manuel	Urban Management Support Services	4	4
<b>CSV CONSTRUCTION (PTY) LTD</b> Mrs Davids	Provincial Government: Training Post	18 009	18 009
<b>DELTA REWINDS</b> L van Wyk	Teacher	196	196
<b>DEMOCRATIC PACKAGING CC</b> V van der Heever	Teacher	652	652
<b>DEO FAVENTE PTY LTD</b> C Snell	EPWP Supervisor	138	138
<b>DESIGNTEC PRINTING CC</b> M Mshweshwe	Manager	804	804
<b>DS GXILISHE</b> S Gxilishe B Gxilishe	Teacher Senior Administrator	46	46
<b>EAS INFRASTRUCTURE ENGINEERS</b> J Brown	Coordinator	3 559	3 559
<b>ELEMENT CONSULTING ENGINEERS</b> R Rossouw	Teacher	9 966	9 966
<b>EPI USE AFRICA (PTY) LTD</b> J Alberts	Deputy Principal Senior Manager	11 955	11 955
E Janse van Rensburg			
<b>ERNST AND YOUNG ADVISORY SERVICES</b> Deepa-Bhana Nathoo M Makhakhe	Department of Health - Gauteng Medical Doctor	37 552	37 552
<b>ESO INDUSTRIES</b> S Johnathan	SAPS	18	18
<b>EVERY FLUSH TOILET HIRE</b> N Stimela	Warrant Officer	101	101
<b>FAYDIES CORPORATE GIFTS</b> MF Votersen	Manager: Finance	3 803	3 803
<b>FG JACOBS TRANSPORT CC</b> HC Poole	Teacher	16 103	16 103
<b>FIKELELA LABOUR SERVICES</b> D Joseph	Member of Parliament	2 664	2 664
<b>FLEET TECH</b> S Willemse	Administrative Officer - Finance	406	406



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>FRIDGECOR</b> M Samsodien	Assistant Professional Officer	2 510	2 510
<b>G NKOMO INCORPORATED</b> M Nkomo	State Prosecutor	28	28
<b>GAVA KASSIEM</b> A Kassiem	Media Co-ordinator	4	4
<b>GIBB</b> A Moon C Hering D Alderman D O'Reilly D Kiewiet I Brink J Gooch K Naidoo L Cloete L Mkhumuzi N Mkhize R Beharie S Singh S Jaffa S Cilliers T Gqobo U Lekonyana V Sicwebu	Head Electrical Engineer Educator Warrant Officer Manager Educator Head Head Lecturer Senior Rates Clerk Accounting Clerk Senior Engineer Human Resource Officer Assistant Manager Educator Technician Department of NT: Deputy Director Manager	48 482	48 482
<b>GLOBREACH (PTY) LTD</b> M Manci	Major General	168	168
<b>GREENRO SOLUTIONS (PTY) LTD</b> N Thabeng	Forensic Analyst	3 518	3 518
<b>HATCH AFRICA</b> V Goba	Department of Health: Director	403	403
<b>HAYES INCORPORATED</b> F Akherwaray	Support Assistant	3 345	3 345
<b>HEROLD GIE</b> K Meyer	Senior Clerk	5 453	5 453
<b>HRK CAPE (PTY) LTD</b> T Saban	EPWP	260	260
<b>HYGIENE SERVICE</b> S Zini	Safety and Security	14 662	14 662
<b>IKAMVA YOUTH ENTREPRENEURSHIP DEVELOPMENT</b> T Mouton	Health Inspector	24	24
<b>IKAPA RETICULATION</b> S Davids	Teacher	18 069	18 069
<b>IKAPA RETICULATION AND FLOW CC</b> Unknown - Retired	Teacher	2 223	2 223
<b>INTUITIVE DATA (PTY) LTD</b> T Nharaunda	Senior Accountant	200	200
<b>ISIDIMA CIVILS PTY LTD</b> S Manuel	Administrative Officer	18 423	18 423
<b>ISUZU TRUCK CENTRE</b> E Jacobs	Senior Clerk	169 782	169 782

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>ITHALOMSO</b> S Fumba Y Ndevu	GIS Admin Clerk	48 300	48 300
<b>JC ACTIVE ELECTRICAL</b> C van der Vendt	Clerk	50	50
<b>JG AFRIKA (PTY) LTD</b> R Maharaj	Planner	25 102	25 102
<b>JVZ CONSTRUCTION (PTY) LTD</b> R Matthee	Correctional Services	18 230	18 230
<b>KEMANZI (PTY) LTD</b> J du Toit	Traffic Inspector	4 053	4 053
<b>KEMP EN GENOTE</b> M Williams	Legal Advisor	3 257	3 257
<b>KEPTRA TRADING</b> R Marais	Western Cape Education Department	2 317	2 317
<b>LINDOL HYGIENE SERVICES (PTY) LTD</b> NS Jantjies	Educator	2 086	2 086
<b>LIKHONA LETHU SERVICES</b> Z Rafu	Sergeant	24 031	24 031
<b>LILIAN4ZONKE</b> F Monk N Monk	Sub Council Manager EPWP	9 694	9 694
<b>LJA CONSTRUCTION CC</b> L Arries	Teacher	13 800	13 800
<b>MAGUGA ATTORNEYS</b> T Mgegwana	Police Officer	1 683	1 683
<b>MALHERBE TUBB FAURE INC T/A MHI ATTORNEY</b> J Rossouw	Administrative Officer	2 597	2 597
<b>MARISWE (PTY) LTD</b> Nelmarie van Wyk Aletta Fongoqa Gerhard Munnik J Sindane	Teacher Professional Nurse Project Manager Chief of Staff	297	297
<b>MARKET TOYOTA CULEMBORG</b> E Jacobs	Senior Clerk	3	3
<b>MASIBAMBANE RECRUITMENT (PTY) LTD</b> V Williams	Stores Clerk	360	360
<b>MASSIVE QUANTUM (PTY) LTD</b> F Hendricks	Administrative Officer	134	134
<b>MGWEVHA PROJECTS AND SERVICES (PTY) LTD</b> N Nmabena	Integrated (default position)	278	278
<b>MICHLO ENGINEERING</b> G Neves	Teacher	79	79
<b>MISS FACILITIES MANAGEMENT</b> L Muller	Administrative Officer	6	6
<b>MITCHELL PROJECTS</b> T Mitchell	Artisan	54	54
<b>NAEEM'S TRUCK &amp; COACH</b> Z Smith	Employee	298	298
<b>NCC ENVIRONMENTAL SERVICES (PTY) LTD</b> C Rhoda	Transport	685	685
<b>NEOTERIC TRADING SERVICES</b> S Jacobs	Cape Agulhas Municipality: Director	109	109



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## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>NIYALWA</b> M Sakwe	Quantity Surveyor	154	154
<b>NORTON ROSE FULBRIGHT SOUTH AFRICA</b> F Nonhlanhla S Clay E Maubane C Sunpath H Sunpath G Adams	Telecom Operator Educator HR Administrator Medical Doctor Chief Technical Advisor Deputy Principal	1 828	1 828
<b>PARKERS BUS SERVICE</b> R Parker	Teacher	18	18
<b>PATHCARE</b> C Maas Loftus	Doctor	99	99
<b>PEGASYS</b> P Grey B Weston D Quin E Warambwa	Professional Officer Scientific Manager Senior Crime Analyst Professional Engineer	64 294	64 294
<b>PERAGON CLEANING SOLUTIONS</b> M Manci	General	4	4
<b>PISTON POWER CHEMICALS (PTY) LTD</b> N Andhee	Educator	10 222	10 222
<b>PROFESSIONAL EMERGENCY CARE CC</b> J Bodmer	Metro Paramedics	95	95
<b>PSA AFRICA (PTY) LTD</b> T Frost	Department of Justice	1 255	1 255
<b>PURPLE ROSE DISTRIBUTORS CC</b> C Hector M Hector	Quality assessor Medical Doctor	36	36
<b>RED ANT SECURITY</b> N Lesiela	Design & Development Practitioner	63 546	63 546
<b>REEDS BELLVILLE</b> E Jacobs	Senior Clerk	424	424
<b>REEDS CLAREMONT</b> E Jacobs	Senior Clerk	477	477
<b>REEDS N1 CITY</b> E Jacobs	Senior Clerk	287	287
<b>ROAD SMART ASPHALTING</b> AC Pamplin	Colonel	62 722	62 722
<b>RONI ENGINEERS</b> J Kotze	Education	41 344	41 344
<b>ROYAL HASKONINGDHV (PTY) LTD</b> L Dladla T Sithole	Department of Health: Deputy Director City of Johannesburg	1 581	1 581
<b>SAN Building</b> B Ascott	Principal Professional Officer	32 618	32 618
<b>SANCCOB</b> P Cilliers L Roberts	SAP ERP Analyst State VET	360	360
<b>SITSOL TRADING</b> C Sitzer	Administrative Clerk	228	228
<b>SOL PARTNERS</b> N Mazaza	Department of Education	7	7

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

### 38.4 Supply Chain Management regulations (continued)

#### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	
<b>SOLAR DISTRIBUTORS AFRICA</b> A Martin	Law Enforcement Operational Coordination	29 664	29 664
<b>SPILL TECH</b> S Goosen	Transnet	357	357
<b>STEDONE DEVELOPMENTS</b> L Dube	Department of Transport	36 865	36 865
<b>STELMED</b> C Combrinck	Educator	9 223	9 223
<b>SUCCIDO ENTERPRISES</b> L Kramm	Administrator	22	22
<b>TEMPUS DYNAMICS</b> M Mvalo	Professional Officer	2 475	2 475
<b>THE OIL CENTRE</b> LB Mdyogolo	Teacher	441	441
<b>TJKA TRAINING MATTERS (PTY) LTD</b> B Ntlanti	Clerk	1 111	1 111
<b>TOXSOLUTIONS KITS AND SERVICES CC</b> G Pearson	Employee	256	256
<b>TRAFFIC MANAGEMENT TECHNOLOGIES</b> G Aspeling	Principal Mechanical Engineer	32 010	32 010
<b>TRANSPORT TELEMATICS AFRICA</b> J Groenewald	Financial Officer	23 608	23 608
<b>TREE CUTTING PEOPLE</b> T Hlwatika	Clinical Nurse	46	46
<b>TRENDCORE SUPPLIES</b> S Mepomie	Colonel	152	152
<b>TURNER AND TOWNSEND (PTY) LTD</b> E Barnard M Low P Naidoo S Naicker T Bulmer	Risk Manager Head Doctor Head Chief Physiotherapist	10 225	10 225
<b>UNAKO HOLDINGS (PTY) LTD</b> T Vapi	Correctional Officer	115	115
<b>VAN DER SPUY &amp; PARTNERS (CAPE)</b> M Van Zyl	Educator	783	783
<b>VINZEIGH LEUKES TRADING</b> J Fortuin	Department of Rural Development	218	218
<b>VONDO TRADING</b> N Nevondo	Department of Human Settlements	6 475	6 475
<b>WEBBER WENTZEL</b> A Truter A Smith B Mahlangu C Truter Dr D Singh E Meyer E Watson H Prinsloo I Thekiso J Abraham J Botha JCL Smit K Nonyane L Seffel N Dias P Singh S Qolohle	Chief Education Specialis Senior Cabin Crew Member School Principal School Principal Department of Education Government Employee Pension Scheme Member: Board of Directors Principal Risk Analyst SASSA Secretary - Lorraine Primary School Teacher Beaufort West Municipality: Director Senior Planning Technician City of Johannesburg Senior Legal Advisor Department of Education National Treasury: Director	14 719	14 719





## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

#### 38.4 Supply Chain Management regulations (continued)

##### 38.4.3 Bids awarded to family of employees in the service of the state (continued)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	
<b>WHILE ITS DAY</b> C Hector M Hector	Building assessor Medical Doctor	11	11
<b>WILSTAN BOOK SUPPLIES</b> V Beukes	Senior Professional Officer	1 117	1 117
<b>WRP CONSULTING ENGINEERS (PTY) LTD</b> Katlego Mamphitha Zelmane van Rooyen	SABC Department of Public Works	299	299
<b>YIZA APHA TRADING</b> A Kelland	Senior Clerk	275	275
<b>ZELUNGA INVESTMENTS</b> N Biyase T Biyase N Zakhe	Assistant Technical Officer Cleaner Administrative Officer	330	330
<b>ZUTARI (PTY) LTD</b> HC Ahlschlager K Nadasen T Mncube	Legal Representative NDPW: Director Specialist Category Manager: Supply Chain	177 008	177 008
<b>INDIVIDUALS</b> M Brink P Naidoo Y Phosa M Selepe	Doctor Project manager: City of Cape Town Parliament committee chairperson Deputy director: City of Tshwane	111 1 353 30 -	
<b>TOTAL</b>		<b>1 224 455</b>	<b>1 222 961</b>

See annexure F for the 2020 list.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES

### 39.1 Municipal entities and special areas

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

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020

#### CTICC

The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.

##### Percentage owned

Arm's-length transactions for the year

Receivables			71,4%	71,4%
Payables	1 493	2 245		
Deposits	316	8 684		
Service charges	1 236	1 244		
Contracted services	18 604	27 126		
Rental of letting stock and facilities	365	-		
	1 505	2 882		

The City is leasing to the CTICC the land on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built, on the following terms:

- Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum
- Erf 270 for a period of 30 years commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum

#### Cape Town Stadium (RF) SOC Ltd

The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve worldwide recognition as a facility for the hosting of major sports events and become the premium venue of choice.

##### Percentage owned

Arm's-length transactions for the year

Receivables			100%	100%
Payables	133	496		
Service charges	4 384	2 566		
Other income	8 278	8 744		
Grants and subsidies paid	22 198	18 955		
	65 237	59 454		

The City is leasing to the Cape Town Stadium municipal entity erf 2188, Green Point, being the Cape Town Stadium precinct, for an initial period of 50 years commencing on 13 November 2019, with the option of renewal for an additional 49 years, at a nominal rental amount of R100 per annum.

#### Cape Metropolitan Transport Fund (CMTF)

The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.

##### Administrator

Arm's-length transactions for the year

Funds held on behalf of CMTF	26 928	22 697	26 928	22 697
Grants and transfers – conditions met	1 428	1 059	1 428	1 059
Interest paid	853	1 218	853	1 218
Revenue collected	4 820	4 232	4 820	4 232



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES (continued)

### 39.2 Executive management

#### 39.2.1 Executive management members and councillors

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

The following reported transaction occurred on an arm's-length basis between the City and a close family member of a key management staff member.

##### 39.2.1.1 Executive director

###### As at 30 June 2021

Name	Nature of relation	Key management
Empire	Sister-in-law	V Botto

Arm's-length transactions for the year

Rendering of service

Amount owing

78

12

###### As at 30 June 2020

During the **financial year**, there were no executive directors with related party transactions.

##### 39.2.1.2 Councillor

###### As at 30 June 2021

During the **financial year**, there were no councillors with related party transactions.

###### As at 30 June 2020

Name	Nature of relation	Key management
Mbolompo Property Specialist (Pty) Ltd	Spouse	Cllr J Mbolompo

Arm's-length transactions for the year

Rendering of service

24

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 39.2.2 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
<b>2021</b>				
Mayco members	12 946	19	621	13 586
Councillors	139 497	452	4 554	144 503
Controlled entities: board members	1 183	-	-	1 183
<b>TOTAL</b>	<b>153 626</b>	<b>471</b>	<b>5 175</b>	<b>159 272</b>
<b>2020</b>				
Mayco members	13 081	18	612	13 711
Councillors	140 256	457	4 488	145 201
Controlled entities: board members	900	-	-	900
<b>TOTAL</b>	<b>154 237</b>	<b>475</b>	<b>5 100</b>	<b>159 812</b>

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually, but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City. There are 231 councillor positions, whose aggregate remuneration amounted to R152,36 million for the period in review. The average remuneration per councillor is R0,684 million (2020: R0,687 million) per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 8 and 9 under "General information".

### 39.2.3 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
<b>2021</b>				
<b>Executive Mayor</b>				
Ald D Plato	1 445	-	-	1 445
<b>Deputy Mayor/Finance</b>				
Ald ID Neilson	1 047	-	128	1 175
<b>Economic Opportunities and Asset Management</b>				
Ald J Vos	1 109	-	-	1 109
<b>Corporate Services</b>				
Cllr SA Cottle	1 109	-	-	1 109
<b>Community Services and Health</b>				
Cllr ZA Badroodien	1 109	-	-	1 109
<b>Energy and Climate change</b>				
Cllr P Maxiti	1 110	-	-	1 110
<b>Human Settlements</b>				
Cllr M Booï	1 034	-	75	1 109
<b>Safety and Security</b>				
Ald JP Smith	994	19	96	1 109
<b>Spatial Planning and Environment</b>				
Ald M Niewoudt	1 013	-	96	1 109
<b>Transport</b>				
Ald F Purchase	878	-	106	984
<b>Urban Management</b>				
Ald G Twigg	989	-	120	1 109
<b>Water and Waste</b>				
Ald X Limberg	1 109	-	-	1 109
<b>TOTAL</b>	<b>12 946</b>	<b>19</b>	<b>621</b>	<b>13 586</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 39. RELATED-PARTY DISCLOSURES (continued)

#### 39.2 Executive management (continued)

##### 39.2.3 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
<b>2020</b>				
<b>Executive Mayor</b>				
Ald D Plato	1 445	-	-	1 445
<b>Deputy Mayor/Finance</b>				
Ald ID Neilson	1 052	-	123	1 175
<b>Economic Opportunities and Asset Management</b>				
Ald J Vos	1 109	-	-	1 109
<b>Corporate Services</b>				
Cllr SA Cottle	1 109	-	-	1 109
<b>Community Services and Health</b>				
Cllr ZA Badroodien	1 109	-	-	1 109
<b>Energy and Climate Change</b>				
Cllr P Maxiti	1 109	-	-	1 109
<b>Human Settlements</b>				
Cllr M Booï	1 037	-	71	1 108
<b>Safety and Security</b>				
Ald JP Smith	999	18	93	1 110
<b>Spatial Planning and Environment</b>				
Ald M Niewoudt	1 017	-	93	1 110
<b>Transport</b>				
Ald F Purchase	993	-	116	1 109
<b>Urban Management</b>				
Ald G Twigg	993	-	116	1 109
<b>Water and Waste</b>				
Ald X Limberg	1 109	-	-	1 109
<b>TOTAL</b>	<b>13 081</b>	<b>18</b>	<b>612</b>	<b>13 711</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 39. RELATED-PARTY DISCLOSURES (continued)

#### 39.2 Executive management (continued)

##### 39.2.4 Executive management

	ANALYSIS OF REMUNERATION BENEFITS				Total
	Annual salary	Relocation and car allowance	Travel and subsistence	Social contribution	
<b>2021</b>					
<b>City Manager</b>					
L Mbandazayo	3 153	-	-	386	<b>3 539</b>
<b>Corporate Services</b>					
C Kesson	2 739	-	-	337	<b>3 076</b>
<b>Community Services and Health</b>					
V Botto	472	-	-	73	<b>545</b>
E Sass	2 244	-	-	334	<b>2 578</b>
<b>Economic Opportunities and Asset Management</b>					
K le Keur	2 026	49	-	224	<b>2 299</b>
R Gelderbloem	931	-	-	115	<b>1 046</b>
<b>Energy and Climate Change</b>					
KM Nassiep	2 549	221	-	2	<b>2 772</b>
<b>Finance</b>					
K Jacoby	2 733	81	-	278	<b>3 092</b>
<b>Human Settlements</b>					
NZ Gqiba	2 770	-	-	2	<b>2 772</b>
<b>Safety and Security Services</b>					
R Bosman	1 877	56	-	200	<b>2 133</b>
V Botto	737	-	-	120	<b>857</b>
<b>Spatial Planning and Environment</b>					
O Asmal	2 116	40	-	261	<b>2 417</b>
E Naude	469	50	-	67	<b>586</b>
<b>Transport</b>					
E Sass	449	-	-	67	<b>516</b>
D Campbell	1 993	61	-	198	<b>2 252</b>
<b>Urban Management</b>					
P Mashoko	3 027	(89)	-	224	<b>3 162</b>
B Gerber	1 043	-	-	1	<b>1 044</b>
<b>Water and Waste</b>					
M Webster	2 235	88	-	313	<b>2 636</b>
	<b>33 563</b>	<b>557</b>	<b>-</b>	<b>3 202</b>	<b>37 322</b>
<b>CTICC</b>					
Chief Executive Officer: TM Motlhabane	2 082	-	-	-	<b>2 082</b>
Key management: four staff members	7 859	-	-	-	<b>7 859</b>
<b>Cape Town Stadium</b>					
Chief Executive Officer: L de Reuck	1 773	-	-	269	<b>2 042</b>
Key management: one staff member	1 390	-	-	13	<b>1 403</b>
<b>TOTAL</b>	<b>46 667</b>	<b>557</b>	<b>-</b>	<b>3 484</b>	<b>50 708</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 39. RELATED-PARTY DISCLOSURES (continued)

#### 39.2 Executive management (continued)

##### 39.2.4 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS					Total
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	
<b>2020</b>						
<b>City Manager</b>						
L Mbandazayo	2 978	-	-	1	381	<b>3 360</b>
<b>Corporate Services</b>						
C Kesson	2 750	-	-	45	333	<b>3 128</b>
<b>Community Services and Health</b>						
V Botto	890	-	-	-	129	1 019
<b>Economic Opportunities and Asset Management</b>						
K le Keur	2 361	-	65	-	298	<b>2 724</b>
<b>Energy and Climate Change</b>						
KM Nassiep	2 450	-	295	33	2	<b>2 780</b>
<b>Finance</b>						
K Jacoby	2 731	-	81	-	275	<b>3 087</b>
<b>Human Settlements</b>						
NZ Gqiba	2 536	-	130	17	2	<b>2 685</b>
R Rughubar	151	-	-	-	22	<b>173</b>
<b>Safety and Security Services</b>						
R Bosman	2 654	-	95	-	333	<b>3 082</b>
<b>Spatial Planning and Environment</b>						
O Asmal	2 351	-	53	-	345	<b>2 749</b>
<b>Transport</b>						
E Sass	2 820	-	-	-	395	<b>3 215</b>
M Whitehead	762	-	-	-	-	<b>762</b>
<b>Urban Management</b>						
P Mashoko	2 185	-	153	-	29	<b>2 367</b>
B Gerber*	-	-	-	-	-	-
<b>Water and Waste</b>						
M Webster**	2 386	-	88	19	185	<b>2 678</b>
	<b>30 005</b>	<b>-</b>	<b>960</b>	<b>115</b>	<b>2 729</b>	<b>33 809</b>
<b>CTICC</b>						
Chief Executive Officer: TM Motlhabane	918	335	-	-	-	<b>1 253</b>
Chief Executive Officer: J Ellingson	1 866	-	-	-	-	<b>1 866</b>
Key management: four staff members	6 735	901	-	-	-	<b>7 636</b>
<b>Cape Town Stadium</b>						
Chief Executive Officer: L de Reuck	1 714	-	-	-	255	<b>1 969</b>
Key management: two staff members	799	-	-	-	6	<b>805</b>
<b>TOTAL</b>	<b>42 037</b>	<b>1 236</b>	<b>960</b>	<b>115</b>	<b>2 990</b>	<b>47 338</b>

\*Acted without compensation for period.

\*\*Included in the annual salary amount is a director's individual performance management (IPM) bonus of R17 098 for the period up until November 2019.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

### 40. EVENTS AFTER REPORTING DATE

The State of Disaster regulations relating to the combating of the COVID-19 pandemic has had a negative impact on the normal business operations of the controlled entities due to the restrictions placed on the attendance of spectators at large events and gatherings. As both entities are events-driven, the regulations therefore continue to have a significant impact on the cash-generating capabilities of the entities. It is uncertain as to when the controlled entities will be able to resume its normal business operations.

Management is not aware of any events after the reporting date that would materially alter the amounts or disclosures in these financial statements.





## ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2021

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2020 <sup>1</sup>	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2021
<b>CITY OF CAPE TOWN</b>									
<b>MARKETABLE BONDS</b>									
Municipal Bond CCT01	12,570	830014004	2023	1 002 747	-	-	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	(762)	-	-	1 206 474
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04 (green bond)	10,170	830019504	2027	784 480	-	(4 778)	-	(100 000)	679 702
<b>Total marketable bonds <sup>2</sup></b>				<b>5 059 968</b>	<b>-</b>	<b>(5 540)</b>	<b>-</b>	<b>(100 000)</b>	<b>4 954 428</b>
<b>CONCESSIONARY LOANS</b>									
AFD	5,763	830018500	2028	293 224	-	(676)	6 922	(40 000)	259 470
AFD	5,730	830018516	2028	292 871	-	(672)	6 992	(40 000)	259 191
AFD	5,755	830018530	2028	293 143	-	(675)	6 938	(40 000)	259 406
AFD	5,800	830018523	2028	286 008	-	(662)	6 665	(38 961)	253 050
KfW	8,107	830020016	2033	1 026 363	-	(877)	22 898	(85 867)	962 517
<b>Total concessionary loans</b>				<b>2 191 609</b>	<b>-</b>	<b>(3 562)</b>	<b>50 415</b>	<b>(244 828)</b>	<b>1 993 634</b>
<b>OTHER LOANS</b>									
DBSA	9,639	830013000	2022	33 333	-	-	-	(13 333)	20 000
DBSA	10,565	830013507	2022	33 333	-	-	-	(13 333)	20 000
<b>Total other loans</b>				<b>66 666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26 666)</b>	<b>40 000</b>
<b>TOTAL</b>				<b>7 318 243</b>	<b>-</b>	<b>(9 102)</b>	<b>50 415</b>	<b>(371 494)</b>	<b>6 988 062</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

<sup>2</sup> Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

## ANNEXURE B: Analysis of property, plant and equipment and other assets – economic entity

AS AT 30 JUNE 2021

Rand thousands (R'000)

	COST					ACCUMULATED DEPRECIATION					Carrying value		
	Opening balance <sup>1</sup>	Transfers/ adjustments	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance <sup>1</sup>	Transfers/ adjustments	Depreciation/ amortisation	Impairments		Disposals	Closing balance
<b>Land and buildings</b>													
Assets under construction	96 305	(86 392)	8 063	-	-	17 976	(16 091)	-	-	-	-	(16 091)	1 885
Vacant land	1 380 331	1 864	16 915	-	(45)	1 399 065	(260 343)	-	-	(20 483)	-	(280 826)	1 118 239
Land and buildings	4 455 399	189 035	69 458	-	(3 760)	4 710 132	(1 787 044)	(20 343)	(88 205)	(110 150)	3 610	(2 002 132)	2 708 000
	<b>5 932 035</b>	<b>104 507</b>	<b>94 436</b>	-	<b>(3 805)</b>	<b>6 127 173</b>	<b>(2 063 478)</b>	<b>(20 343)</b>	<b>(88 205)</b>	<b>(130 633)</b>	<b>3 610</b>	<b>(2 299 049)</b>	<b>3 828 124</b>
<b>Infrastructure</b>													
Assets under construction	3 096 336	(1 458 673)	2 069 507	-	-	3 707 170	-	-	-	-	-	-	3 707 170
Telecommunications	1 088 183	184 227	132 276	-	-	1 404 686	(202 358)	(163 030)	(82 741)	-	-	(448 129)	956 557
Drains	1 535 748	69 018	63 822	-	-	1 668 588	(551 146)	-	(57 298)	-	-	(608 444)	1 060 144
Roads	14 538 066	666 545	522 670	-	(6 392)	15 720 889	(4 650 778)	111	(475 833)	-	5 376	(5 121 124)	10 599 765
Beach improvements	183 355	2 949	3 675	-	-	189 979	(39 573)	(432)	(5 845)	-	-	(45 850)	144 129
Sewerage mains and purification	5 888 804	647 188	310 519	-	-	6 846 511	(2 350 189)	(128 269)	(161 551)	-	-	(2 640 009)	4 206 502
Security	1 501 058	23 989	262 905	-	(100)	1 787 852	(721 416)	19	(137 985)	-	28	(859 354)	928 498
Electricity peak-load equipment and mains	11 283 027	83 914	486 081	-	-	11 853 022	(3 509 326)	-	(251 859)	-	-	(3 761 185)	8 091 837
Water mains and purification	6 049 034	(176 546)	582 278	-	-	6 454 766	(2 382 510)	128 248	(146 137)	(6 945)	-	(2 407 344)	4 047 422
Reservoirs - water	1 442 758	31 226	194 454	-	-	1 668 438	(470 261)	-	(20 899)	-	-	(491 160)	1 177 278
	<b>46 606 369</b>	<b>73 837</b>	<b>4 628 187</b>	-	<b>(6 492)</b>	<b>51 301 901</b>	<b>(14 877 557)</b>	<b>(163 353)</b>	<b>(1 340 148)</b>	<b>(6 945)</b>	<b>5 404</b>	<b>(16 382 599)</b>	<b>34 919 302</b>
<b>Community assets</b>													
Assets under construction	98 487	(81 196)	84 890	-	-	102 181	-	-	-	-	-	-	102 181
Parks and gardens	344 215	4 758	5 160	-	(23)	354 110	(78 196)	-	(11 598)	-	7	(89 787)	264 323
Libraries	351 194	444	3 193	-	-	354 831	(96 528)	-	(6 315)	(144)	-	(102 987)	251 844
Recreational facilities	1 375 485	3 410	54 760	-	-	1 433 655	(634 731)	294	(46 653)	-	-	(681 090)	752 565
Civic buildings	2 952 127	15 135	91 305	-	(30)	3 058 537	(833 386)	11	(50 295)	-	2	(883 668)	2 174 869
	<b>5 121 508</b>	<b>(57 449)</b>	<b>239 308</b>	-	<b>(53)</b>	<b>5 303 314</b>	<b>(1 642 841)</b>	<b>305</b>	<b>(114 861)</b>	<b>(144)</b>	<b>9</b>	<b>(1 757 532)</b>	<b>3 545 782</b>
<b>Other assets</b>													
Assets under construction	279 911	(127 838)	235 545	-	-	387 618	-	-	-	-	-	-	387 618
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 237 507	48 278	(29 908)	-	-	1 255 877	(715 784)	-	(37 134)	-	-	(752 918)	502 959
Furniture, fittings and equipment	1 309 737	14 614	119 122	-	(15 017)	1 428 456	(922 007)	(3 938)	(115 101)	(42)	13 246	(1 027 842)	400 614
Bins and containers	80 429	6	11 451	-	(18 911)	72 975	(66 085)	-	(4 600)	-	18 882	(51 803)	21 172
Emergency equipment	76 399	528	12 927	-	(2 021)	87 833	(45 879)	-	(9 506)	-	1 999	(53 386)	34 447
Motor vehicles and watercraft	2 273 370	(102)	290 195	-	(89 001)	2 474 462	(880 838)	43	(206 606)	(2 285)	75 908	(1 013 778)	1 460 684
Plant and equipment	1 335 935	(4 548)	54 229	-	(11 491)	1 374 125	(801 583)	4 431	(107 431)	-	11 054	(893 529)	480 596
Specialised vehicles	2 125 103	78	359 801	-	(16 518)	2 468 464	(919 986)	(38)	(141 279)	-	13 180	(1 048 123)	1 420 341
Computer equipment	2 621 626	(148 220)	258 879	-	(62 703)	2 669 582	(2 022 097)	162 434	(223 840)	(17)	60 992	(2 022 528)	647 054
	<b>11 341 266</b>	<b>(217 204)</b>	<b>1 312 241</b>	-	<b>(215 662)</b>	<b>12 220 641</b>	<b>(6 375 508)</b>	<b>162 932</b>	<b>(845 497)</b>	<b>(2 344)</b>	<b>195 261</b>	<b>(6 845 156)</b>	<b>5 355 485</b>
<b>Living resources</b>													
Animals	1 281	-	-	-	(56)	1 225	(513)	-	(192)	-	56	(649)	576
	<b>1 281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56)</b>	<b>1 225</b>	<b>(513)</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>56</b>	<b>(649)</b>	<b>576</b>
<b>Service concession assets</b>													
Assets under construction	39 276	(39 276)	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 605 778	39 171	220 079	-	(37)	4 864 991	(1 944 524)	141	(173 969)	-	37	(2 118 315)	2 746 676
Busses and depots	1 478 416	-	-	-	-	1 478 416	(715 726)	-	(44 743)	-	-	(760 469)	717 947
	<b>6 123 470</b>	<b>(105)</b>	<b>220 079</b>	-	<b>(37)</b>	<b>6 343 407</b>	<b>(2 660 250)</b>	<b>141</b>	<b>(218 712)</b>	-	<b>37</b>	<b>(2 878 784)</b>	<b>3 464 623</b>
<b>Housing rental stock</b>	<b>3 237 442</b>	<b>38 145</b>	<b>63 318</b>	-	<b>(10 047)</b>	<b>3 329 058</b>	<b>(1 165 793)</b>	-	<b>(104 963)</b>	-	<b>8 547</b>	<b>(1 262 209)</b>	<b>2 066 849</b>
<b>TOTAL PPE</b>	<b>78 363 571</b>	<b>(58 269)</b>	<b>6 557 569</b>	-	<b>(236 152)</b>	<b>84 626 719</b>	<b>(28 785 940)</b>	<b>(20 318)</b>	<b>(2 712 578)</b>	<b>(140 066)</b>	<b>212 924</b>	<b>(31 445 978)</b>	<b>53 180 741</b>

## ANNEXURE B: Analysis of property, plant and equipment and other assets – economic entity (continued)

AS AT 30 JUNE 2021

Rand thousands (R'000)

	COST					ACCUMULATED DEPRECIATION					Carrying value		
	Opening balance <sup>1</sup>	Transfers/ adjustments	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance <sup>1</sup>	Transfers/ adjustments	Depreciation/ amortisation	Impairments		Disposals	Closing balance
<b>Heritage assets</b>													
Paintings and museum items	10 269	-	-	-	(1)	10 268	-	-	-	-	-	-	10 268
	<b>10 269</b>	-	-	-	<b>(1)</b>	<b>10 268</b>	-	-	-	-	-	-	<b>10 268</b>
<b>Investment property</b>													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(61 396)	-	(1 713)	-	-	(63 109)	61 392
	<b>642 643</b>	-	-	-	-	<b>642 643</b>	<b>(61 396)</b>	-	<b>(1 713)</b>	-	-	<b>(63 109)</b>	<b>579 534</b>
<b>Intangible assets</b>													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(424 815)	-	(70 181)	-	-	(494 996)	66 445
Computer software	1 201 774	65 336	130 067	-	(2)	1 397 175	(733 050)	1 875	(103 162)	-	2	(834 335)	562 840
	<b>1 763 215</b>	<b>65 336</b>	<b>130 067</b>	-	<b>(2)</b>	<b>1 958 616</b>	<b>(1 157 865)</b>	<b>1 875</b>	<b>(173 343)</b>	-	<b>2</b>	<b>(1 329 331)</b>	<b>629 285</b>
<b>TOTAL OTHER</b>	<b>2 416 127</b>	<b>65 336</b>	<b>130 067</b>	-	<b>(3)</b>	<b>2 611 527</b>	<b>(1 219 261)</b>	<b>1 875</b>	<b>(175 056)</b>	-	<b>2</b>	<b>(1 392 440)</b>	<b>1 219 087</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>80 779 698</b>	<b>7 067</b>	<b>6 687 636</b>	-	<b>(236 155)</b>	<b>87 238 246</b>	<b>(30 005 201)</b>	<b>(18 443)</b>	<b>(2 887 634)</b>	<b>(140 066)</b>	<b>212 926</b>	<b>(32 838 418)</b>	<b>54 399 828</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

<sup>2</sup> See note 37 for more details.

## ANNEXURE B: Analysis of property, plant and equipment and other assets – City of Cape Town

AS AT 30 JUNE 2021

Rand thousands (R'000)

	COST					ACCUMULATED DEPRECIATION						Carrying value	
	Opening balance	Transfers/ adjustments	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals		Closing balance
<b>Land and buildings</b>													
Vacant land	1 380 331	1 864	16 915	-	(45)	1 399 065	(260 343)	-	-	(20 483)	-	(280 826)	1 118 239
Land and buildings	3 121 543	102 347	63 214	-	-	3 287 104	(783 761)	(25)	(63 677)	(311)	-	(847 774)	2 439 330
	<b>4 501 874</b>	<b>104 211</b>	<b>80 129</b>	<b>-</b>	<b>(45)</b>	<b>4 686 169</b>	<b>(1 044 104)</b>	<b>(25)</b>	<b>(63 677)</b>	<b>(20 794)</b>	<b>-</b>	<b>(1 128 600)</b>	<b>3 557 569</b>
<b>Infrastructure</b>													
Assets under construction	3 096 336	(1 458 673)	2 069 507	-	-	3 707 170	-	-	-	-	-	-	3 707 170
Telecommunications	1 088 183	184 227	132 272	-	-	1 404 686	(202 358)	(163 030)	(82 741)	-	-	(448 129)	956 557
Drains	1 535 748	69 018	63 822	-	-	1 668 588	(551 146)	-	(57 298)	-	-	(608 444)	1 060 144
Roads	14 538 066	666 545	522 670	-	(6 392)	15 720 889	(4 650 778)	111	(475 833)	-	5 376	(5 121 124)	10 599 765
Beach improvements	183 355	2 949	3 675	-	-	189 979	(39 573)	(432)	(5 845)	-	-	(45 850)	144 129
Sewerage mains and purification	5 888 804	647 188	310 519	-	-	6 846 511	(2 350 189)	(128 269)	(161 551)	-	-	(2 640 009)	4 206 502
Security	1 501 058	23 989	262 905	-	(100)	1 787 852	(721 416)	19	(137 985)	-	28	(859 354)	928 498
Electricity peak-load equipment and mains	11 283 027	83 914	486 081	-	-	11 853 022	(3 509 326)	-	(251 859)	-	-	(3 761 185)	8 091 837
Water mains and purification	6 049 034	(176 546)	582 278	-	-	6 454 766	(2 382 510)	128 248	(146 137)	(6 945)	-	(2 407 344)	4 047 422
Reservoirs - water	1 442 758	31 226	194 454	-	-	1 668 438	(470 261)	-	(20 899)	-	-	(491 160)	1 177 278
	<b>46 606 369</b>	<b>73 837</b>	<b>4 628 187</b>	<b>-</b>	<b>(6 492)</b>	<b>51 301 901</b>	<b>(14 877 557)</b>	<b>(163 353)</b>	<b>(1 340 148)</b>	<b>(6 945)</b>	<b>5 404</b>	<b>(16 382 599)</b>	<b>34 919 302</b>
<b>Community assets</b>													
Assets under construction	98 487	(81 196)	84 890	-	-	102 181	-	-	-	-	-	-	102 181
Parks and gardens	344 215	4 758	5 160	-	(23)	354 110	(78 196)	-	(11 598)	-	7	(89 787)	264 323
Libraries	351 194	444	3 193	-	-	354 831	(96 528)	-	(6 315)	(144)	-	(102 987)	251 844
Recreational facilities	1 375 485	3 410	54 760	-	-	1 433 655	(634 731)	294	(46 653)	-	-	(681 090)	752 565
Civic buildings	2 952 127	15 135	91 305	-	(30)	3 058 537	(833 386)	11	(50 295)	-	2	(883 668)	2 174 869
	<b>5 121 508</b>	<b>(57 449)</b>	<b>239 308</b>	<b>-</b>	<b>(53)</b>	<b>5 303 314</b>	<b>(1 642 841)</b>	<b>305</b>	<b>(114 861)</b>	<b>(144)</b>	<b>9</b>	<b>(1 757 532)</b>	<b>3 545 782</b>
<b>Other assets</b>													
Assets under construction	279 911	(127 838)	235 545	-	-	387 618	-	-	-	-	-	-	387 618
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 237 507	48 278	(29 908)	-	-	1 255 877	(715 784)	-	(37 134)	-	-	(752 918)	502 959
Furniture, fittings and equipment	1 253 955	14 614	118 805	-	(13 209)	1 374 165	(889 935)	(3 938)	(106 400)	(42)	11 442	(988 873)	385 292
Bins and containers	80 429	6	11 451	-	(18 911)	72 975	(66 085)	-	(4 600)	-	18 882	(51 803)	21 172
Emergency equipment	76 399	528	12 927	-	(2 021)	87 833	(45 879)	-	(9 506)	-	1 999	(53 386)	34 447
Motor vehicles and watercraft	2 188 695	(102)	289 082	-	(88 939)	2 388 736	(834 884)	43	(201 791)	(2 285)	75 696	(963 221)	1 425 515
Plant and equipment	1 335 935	(4 548)	54 229	-	(11 491)	1 374 125	(801 583)	4 431	(107 431)	-	11 054	(893 529)	480 596
Specialised vehicles	2 125 103	78	359 801	-	(16 518)	2 468 464	(919 986)	(38)	(141 279)	-	13 180	(1 048 123)	1 420 341
Computer equipment	2 544 097	(148 220)	255 825	-	(60 079)	2 591 623	(1 966 806)	162 434	(211 862)	(17)	58 539	(1 957 712)	633 911
	<b>11 123 280</b>	<b>(217 204)</b>	<b>1 307 757</b>	<b>-</b>	<b>(211 168)</b>	<b>12 002 665</b>	<b>(6 242 191)</b>	<b>162 932</b>	<b>(820 003)</b>	<b>(2 344)</b>	<b>190 792</b>	<b>(6 710 814)</b>	<b>5 291 851</b>
<b>Living resources</b>													
Animals	1 281	-	-	-	(56)	1 225	(513)	-	(192)	-	56	(649)	576
	<b>1 281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56)</b>	<b>1 225</b>	<b>(513)</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>56</b>	<b>(649)</b>	<b>576</b>
<b>Service concession assets</b>													
Assets under construction	39 276	(39 276)	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 605 778	39 171	220 079	-	(37)	4 864 991	(1 944 524)	141	(173 969)	-	37	(2 118 315)	2 746 676
Busses and depots	1 478 416	-	-	-	-	1 478 416	(715 726)	-	(44 743)	-	-	(760 469)	717 947
	<b>6 123 470</b>	<b>(105)</b>	<b>220 079</b>	<b>-</b>	<b>(37)</b>	<b>6 343 407</b>	<b>(2 660 250)</b>	<b>141</b>	<b>(218 712)</b>	<b>-</b>	<b>37</b>	<b>(2 878 784)</b>	<b>3 464 623</b>
<b>Housing rental stock</b>	<b>3 237 642</b>	<b>38 145</b>	<b>63 318</b>	<b>-</b>	<b>(10 047)</b>	<b>3 329 058</b>	<b>(1 165 793)</b>	<b>-</b>	<b>(104 963)</b>	<b>-</b>	<b>8 547</b>	<b>(1 262 209)</b>	<b>2 066 849</b>
<b>TOTAL PPE</b>	<b>76 715 424</b>	<b>(58 565)</b>	<b>6 538 778</b>	<b>-</b>	<b>(227 898)</b>	<b>82 967 739</b>	<b>(27 633 249)</b>	<b>-</b>	<b>(2 662 556)</b>	<b>(30 227)</b>	<b>204 845</b>	<b>(30 121 187)</b>	<b>52 846 552</b>

## ANNEXURE B: Analysis of property, plant and equipment and other assets – City of Cape Town (continued)

AS AT 30 JUNE 2021

Rand thousands (R'000)

	COST					ACCUMULATED DEPRECIATION					Carrying value		
	Opening balance	Transfers/ adjustments	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments		Disposals	Closing balance
<b>Heritage assets</b>													
Paintings and museum items	10 269	-	-	-	(1)	10 268	-	-	-	-	-	-	10 268
	<b>10 269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>10 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 268</b>
<b>Investment property</b>													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(61 396)	-	(1 713)	-	-	(63 109)	61 392
	<b>642 643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642 643</b>	<b>(61 396)</b>	<b>-</b>	<b>(1 713)</b>	<b>-</b>	<b>-</b>	<b>(63 109)</b>	<b>579 534</b>
<b>Intangible assets</b>													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(424 815)	-	(70 181)	-	-	(494 996)	66 445
Computer software	1 188 862	65 632	128 083	-	(2)	1 382 575	(725 810)	-	(98 577)	-	2	(824 385)	558 190
	<b>1 750 303</b>	<b>65 632</b>	<b>128 083</b>	<b>-</b>	<b>(2)</b>	<b>1 944 016</b>	<b>(1 150 625)</b>	<b>-</b>	<b>(168 758)</b>	<b>-</b>	<b>2</b>	<b>(1 319 381)</b>	<b>624 635</b>
<b>TOTAL OTHER</b>	<b>2 403 215</b>	<b>65 632</b>	<b>128 083</b>	<b>-</b>	<b>(3)</b>	<b>2 596 927</b>	<b>(1 212 021)</b>	<b>-</b>	<b>(170 471)</b>	<b>-</b>	<b>2</b>	<b>(1 382 490)</b>	<b>1 214 437</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>79 118 639</b>	<b>7 067</b>	<b>6 666 861</b>	<b>-</b>	<b>(227 901)</b>	<b>85 564 666</b>	<b>(28 845 270)</b>	<b>-</b>	<b>(2 833 027)</b>	<b>(30 227)</b>	<b>204 847</b>	<b>(31 503 677)</b>	<b>54 060 989</b>

<sup>2</sup> See note 37 for more details.

## ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	2021	2020 <sup>1</sup>	2019
<b>CITY OF CAPE TOWN</b>			
<b>Bank accounts held with</b>			
<b>Nedbank</b>			
Main bank	189 554	242 494	181 975
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
<b>Amortised cost</b>	<b>189 554</b>	<b>242 494</b>	<b>181 975</b>
<b>ABSA</b>			
IRT bank	5 581	7 882	31 467
<b>Amortised cost</b>	<b>5 581</b>	<b>7 882</b>	<b>31 467</b>
<b>Amortised cost - see note 10</b>	<b>195 135</b>	<b>250 376</b>	<b>213 442</b>
<b>CONTROLLED ENITIES</b>			
<b>CTICC</b>			
<b>Bank accounts</b>			
ABSA Bank - current	25	31	8 309
ABSA Bank - CTICC east - current	-	1	207
ABSA Bank - exh serv - current	7	21	660
ABSA Bank Treasury	-	1	75
ABSA Bank - Convenco	-	1	2 607
Nedbank - CTICC main current	1 297	1 613	
Nedbank - CTICC payroll	37	129	
Nedbank - CTICC east	2	35	
Nedbank - CTICC merchant services	32	12	
Nedbank - CTICC E-commerce	1	1	
<b>Amortised cost</b>	<b>1 401</b>	<b>1 845</b>	<b>11 858</b>
Cape Town Stadium (RF) SOC LTD	-	-	11
<b>Total bank balances</b>	<b>196 536</b>	<b>252 221</b>	<b>225 311</b>
<b>CITY OF CAPE TOWN</b>			
<b>Bank accounts managed by fund managers</b>			
<b>Nedbank</b>			
City of Cape Town	702	883	730
City of Cape Town	139	63	65
City of Cape Town	1 206	1 394	1 416
City of Cape Town	1 823	1 463	3 341
City of Cape Town	4 102	5 301	4 992
City of Cape Town	601	679	736
City of Cape Town	277	229	534
City of Cape Town	617	647	872
City of Cape Town	94	460	200
City of Cape Town	426	286	
<b>Fair value - see note 10</b>	<b>9 987</b>	<b>11 405</b>	<b>12 886</b>

## ANNEXURE C: Disclosure of bank accounts and investments in terms of section 125(2)(a) and (b) of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	2021	2020 <sup>1</sup>	2019
<b>CONTROLLED ENTITIES</b>			
<b>CTICC</b>			
<b>Investments accounts</b>			
Nedbank - call deposit	-	-	20
ABSA Bank - call deposit	-	-	386
First National Bank - RMB investment	-	-	-
Stanlib - bank	3 623	30 462	24 501
Investec - bank	3 493	37 012	14 263
ABSA Bank - call deposit	-	-	3
Nedgroup - money market fund	3 174	34 915	30 729
Nedgroup - corporate money market	3 099	32 274	36 759
ABSA Bank - call account	168	162	48 938
ABSA Bank - CTICC money market fund	3 744	33 915	14 623
ABSA Bank - guarantee	-	-	-
Nedbank - CTICC daily call deposit	3 280	229	-
<b>Amortised cost</b>	<b>20 581</b>	<b>168 969</b>	<b>170 222</b>

<sup>1</sup> Comparative restated: see note 36 for more details.

### SHORT-TERM DEBT FACILITIES

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

	2021	2020
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	150 000	100 000
Guarantee facility (non-cash-covered)	30 000	12 000
Letter of credit	16 000	16 000
Business travel card	2 000	2 000

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

#### General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

#### Guarantee facility (cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

#### Guarantee facility (non-cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

#### Letter of credit

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

#### Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.

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

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Description	National and Province grant funds							
	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Operating	Capital			
<b>National Government</b>								
2014 African Nations Championship	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	(293)	-	-	-	-	-	-	(293)
Department of Environmental Affairs and Tourism	(324)	(220)	-	395	-	-	-	(149)
DME - INEP	-	-	-	-	(5)	-	-	(5)
Energy Efficiency Electricity Demand Side Management	-	(9 000)	6	819	8 175	-	-	-
Expanded Public Works Incentive Grant	(7 778)	(44 772)	223	51 156	1 171	-	-	-
Finance Management Grant	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	-	-	(275 364)	10 113	265 251	-	-	-
Infrastructure Skills Development	-	(10 869)	183	8 289	863	-	-	(1 534)
Integrated City Development Grant	(14 184)	(65 160)	11 874	21 014	40 410	-	-	(6 046)
Municipal Disaster Recovery Grant	-	-	-	-	(30)	-	-	(30)
National Skills Fund	-	(18 470)	-	16 061	-	-	-	(2 409)
Neighbourhood Development Programme	(26 147)	(22 534)	28 049	1 394	11 288	-	-	(7 950)
Peninsula Wetlands Rehabilitation Project	(1 243)	-	285	958	-	-	-	-
Philippi Agri-Hub	-	(12 504)	-	12 517	-	-	(13)	-
Public Transport Network Grant	(322 002)	(750 771)	368 782	451 467	237 139	-	-	(15 385)
Public Transport Network Grant - BFI	(46 519)	-	(258 432)	-	290 583	-	-	(14 368)
Restructuring Grant - Seed Funding	(1 735)	-	-	-	276	-	-	(1 459)
Special Projects	-	-	47	-	-	-	(47)	-
Terrestrial Invasive Alien Plants	-	-	20	-	-	-	(20)	-
Tirelo Boshha Programme	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	(159 534)	(1 337 145)	435 349	202 546	747 706	-	-	(111 078)
<b>Total DoRA allocation</b>	<b>(579 834)</b>	<b>(2 272 445)</b>	<b>311 022</b>	<b>777 729</b>	<b>1 602 827</b>	<b>-</b>	<b>(80)</b>	<b>(160 781)</b>
2010 FIFA World Cup - Green Point: Interest account	(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account	(320)	-	-	-	-	-	-	(320)
National Skills Fund: Interest account	-	-	-	-	-	(44)	-	(44)



## ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Description	National and Province grant funds							
	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Operating	Capital			
Natural Resource Management: Interest account	(11)	-	-	-	-	(1)	-	(12)
Neighbourhood Development Programme: Interest account	(2 509)	-	-	-	-	(1 002)	-	(3 511)
Peninsula Wetlands Rehabilitation Project: Interest account	(27)	-	-	36	-	(26)	-	(17)
Phillippi Agri-Hub: Interest account	-	-	-	34	-	(34)	-	-
Public Transport Infrastructure Systems Grant: Interest account	(207 179)	-	387	25 679	-	(7 384)	-	(188 497)
Public Transport Infrastructure Grant: Interest account	(41 972)	-	-	-	-	(1 582)	-	(43 554)
Public Transport Network Grant: Interest account	(104 710)	-	-	-	-	(22 541)	-	(127 251)
Public Transport Network Grant - BFI: Interest account	(630)	-	-	-	-	(911)	-	(1 541)
Public Transport Network Operations Grant: Interest account	(17 144)	-	-	-	-	(646)	-	(17 790)
Smart Living Handbook: Interest account	(114)	-	-	-	-	(4)	-	(118)
<b>Total interest earned</b>	<b>(374 862)</b>	<b>-</b>	<b>387</b>	<b>25 749</b>	<b>-</b>	<b>(34 175)</b>	<b>-</b>	<b>(382 901)</b>
<b>TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS</b>	<b>(954 696)</b>	<b>(2 272 445)</b>	<b>311 409</b>	<b>803 478</b>	<b>1 602 827</b>	<b>(34 175)</b>	<b>(80)</b>	<b>(543 682)</b>
<b>Province</b>								
ABET Adult Education	(4)	-	-	-	-	-	-	(4)
Belhar Pentech 340 Top Structures	(5 812)	-	-	-	-	-	-	(5 812)
Contributed Asset: VW Amarok	-	-	(680)	-	680	-	-	-
Community Residential Units	(712)	-	-	-	478	-	-	(234)
Delft - The Hague Phase 2 (896)	-	-	38 639	-	-	-	(38 639)	-
Delft The Hague / Roosendal Eindhoven	-	-	(10 498)	25 235	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	-	-	6 732	-	-	-	(6 732)	-
Edward Road Energy Efficient Project	(4 062)	-	-	-	-	(153)	-	(4 215)
EHP Nyanga, Du Noon and Atlantis	(3 584)	-	-	-	-	-	-	(3 584)

## ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Description	National and Province grant funds							
	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Operating	Capital	Interest earned		
Enhanced Extended Discount Benefit Scheme	-	-	62 745	19 001	-	-	(81 746)	-
Eradication of Registration Backlog	(1 800)	-	-	1 792	-	-	-	(8)
Erf 160: Boys Town	(392)	-	-	-	-	-	-	(392)
Establishment Grants	(1)	-	1	-	-	-	-	-
Facilitation Grants	(32)	-	2	-	-	(2)	-	(32)
Financial Management Capacity Building Grant	(21)	(300)	21	300	-	(7)	-	(7)
Fisantekraal Garden Cities (RDP 4672 Units)	-	-	428	3 586	-	-	(4 014)	-
Fisantekraal , Greenville, Phase 3	-	-	1 576	48 990	-	-	(50 566)	-
Garden Cities/Greenville/Fisantekraal 868	(152)	-	-	148	-	-	-	(4)
Glenhaven Social Housing Project	-	-	125	-	-	-	(125)	-
Government Grant Community Development Workers	(1 585)	(1 034)	-	972	-	-	-	(1 647)
Green Point Phase 2 Housing	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	(23 821)	-	(19 436)	19 996	-	-	-	(23 261)
Happy Valley - Phase 2 Top Structures	(65)	-	-	-	-	-	-	(65)
Harare Infill Housing	-	-	(1 991)	4 002	-	-	(2 011)	-
Hazendal Infill - Top Structures	(66)	-	-	-	-	-	-	(66)
Heideveld Housing Infill	(1 542)	-	-	51	-	-	-	(1 491)
HIV/AIDS Community Based Response Projects	(31 436)	(266 025)	4 000	278 156	-	-	-	(15 305)
Housing Settlements Development Grant	(46 395)	(196 080)	182 630	-	-	-	-	(59 845)
IHP Westgate Mall Phase C1 and C2	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects: Urban Engineering	-	-	(22 904)	22 619	-	-	-	(285)
Informal Settlements	(1 102)	-	83	1 019	-	-	-	-

## ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Description	National and Province grant funds							
	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Operating	Capital			
Jakkelsvlei Canal Upgrading	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	(677)	(2 530)	-	1 968	-	-	-	(1 239)
Kanonkop Phase 1 Top Structures	-	-	(1 439)	2 500	-	-	(1 061)	-
Khayelitsha Site C Subsidies	(5 418)	-	-	-	-	(204)	-	(5 622)
Kleinvlei Phase 2	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	(184)	(4 388)	-	3 474	-	(37)	-	(1 135)
Law Enforcement Officers - LEAP	(32 701)	(417 000)	18 671	256 668	-	(2 303)	-	(176 665)
Library Service: Procurement Periodicals and Newspapers	(262)	(5 338)	262	1 073	-	(145)	-	(4 410)
Library Metro Grant	(1 024)	(10 550)	-	-	11 404	(246)	-	(416)
Marconi Beam	(1 763)	-	1 763	-	-	-	-	-
Masiphumelele Disaster Fund	-	-	(32 000)	32 000	-	-	-	-
Metropolitan Land Transport Fund	(1 120)	(10 000)	968	10 102	-	(21)	-	(71)
Mitchell's Plain TA2	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	(2 129)	-	-	-	-	-	-	(2 129)
Morningstar Infill IRDP	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	(3)	-	3	-	-	-	-	-
NHBRC Enrollment Fees	-	-	1 731	2 465	-	-	(4 196)	-
Nutrition Supplement Programme	-	(5 691)	603	5 551	-	-	(463)	-
Occupancy Survey	(9 108)	-	-	8 830	-	-	-	(278)
Pelican Park 2083 Top Structures	(321)	-	-	-	-	-	-	(321)
Peoples Housing Project	(72 788)	-	(70 629)	80 238	-	(2 490)	-	(65 669)
Phillippi East Phase 5	(567)	-	-	-	-	-	-	(567)

## ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

Description	National and Province grant funds							
	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Operating	Capital			
Prov Docs Mod Centre Deployment	(165)	-	165	-	-	-	-	-
Public Library Fund	(1 419)	(49 192)	-	50 635	-	(424)	-	(400)
Rou Emoh Housing Development	(207)	-	-	-	-	(7)	-	(214)
Somerset West Housing Project	(4 582)	-	-	5 944	-	-	(1 362)	-
Sport and Recreation	(14)	-	14	-	-	-	-	-
TB Crisis Plan	-	(27 380)	(5 456)	32 138	-	-	-	(698)
Title Deeds Restoration	(45)	-	45	-	-	-	-	-
Tourism Safety Law Enforcement Unit	-	(4 920)	-	3 521	1 313	-	-	(86)
Vaccines	-	(132 426)	4 396	112 114	-	-	-	(15 916)
Valhalla Park Integrated Housing Project	-	-	(5 000)	5 000	-	-	-	-
Vrygrond	(18)	-	-	-	-	-	-	(18)
WCG - Municipal Accreditation and Capacity Building Grant	(2 824)	(7 500)	-	8 954	-	-	-	(1 370)
<b>TOTAL PROVINCE TRANSFERS AND GRANTS</b>	<b>(274 352)</b>	<b>(1 140 354)</b>	<b>155 570</b>	<b>1 049 042</b>	<b>13 875</b>	<b>(6 039)</b>	<b>(205 652)</b>	<b>(407 910)</b>
<b>Analysis of grants and subsidies</b>								
Total National Government transfers and grants	(954 696)	(2 272 445)	311 409	803 478	1 602 827	(34 175)	(80)	(543 682)
Total Province transfers and grants	(274 352)	(1 140 354)	155 570	1 049 042	13 875	(6 039)	(205 652)	(407 910)
	<b>(1 229 048)</b>	<b>(3 412 799)</b>	<b>466 979</b>	<b>1 852 520</b>	<b>1 616 702</b>	<b>(40 214)</b>	<b>(205 732)</b>	<b>(951 592)</b>

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

## ANNEXURE E: Appropriation statement (reconciliation: budget and in-year performance)

FOR THE YEAR ENDED 30 JUNE 2021

Rand thousands (R'000)

	2020/21										2019/20				
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Financial performance</b>															
Property rates	10 511 519	13 602	10 525 121	-	-	10 525 121	10 269 449	-	-	98	98	-	-	-	-
Service charges	19 885 709	(12 910)	19 872 799	-	-	19 872 799	20 265 458	-	-	102	102	-	-	-	-
Investment revenue	855 610	124 158	979 768	-	-	979 768	900 467	-	-	92	105	-	-	-	-
Transfers recognised - operational	5 674 442	529 367	6 203 809	-	-	6 203 809	5 793 196	-	-	93	102	-	-	-	-
Other own revenue	5 606 970	(224 883)	5 382 087	-	-	5 382 087	5 935 518	-	-	110	106	-	-	-	-
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>42 534 250</b>	<b>429 334</b>	<b>42 963 584</b>	<b>-</b>	<b>-</b>	<b>42 963 584</b>	<b>43 164 088</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee costs	15 295 099	(341 791)	14 953 308	-	275	14 953 582	15 178 402	-	-	102	99	-	-	-	-
Remuneration of councillors	190 680	70	190 750	-	-	190 750	167 600	-	-	88	88	-	-	-	-
Debt impairment	3 640 803	(429 507)	3 211 296	-	-	3 211 296	2 854 651	-	-	89	78	-	-	-	-
Depreciation and asset impairment	3 354 566	(266 482)	3 088 084	-	-	3 088 084	2 940 105	-	-	95	88	-	-	-	-
Finance charges	828 460	22 990	851 450	-	(3 101)	848 349	831 478	-	-	98	100	-	-	-	-
Materials and bulk purchases	11 618 742	(52 534)	11 566 208	-	(25 120)	11 541 024	11 463 610	-	-	99	99	-	-	-	-
Transfers and grants	500 678	60 525	561 203	-	(9 703)	591 500	336 317	-	-	57	67	-	-	-	-
Other expenditure	9 806 623	567 426	10 374 049	-	37 649	10 411 698	9 569 925	-	-	92	98	-	-	-	-
<b>Total expenditure</b>	<b>45 235 651</b>	<b>(439 303)</b>	<b>44 796 348</b>	<b>-</b>	<b>-</b>	<b>44 836 283</b>	<b>43 342 088</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit)</b>	<b>(2 701 401)</b>	<b>868 637</b>	<b>(1 832 764)</b>	<b>-</b>	<b>-</b>	<b>(1 872 699)</b>	<b>(178 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	3 005 054	(1 065 578)	1 939 476	-	-	1 939 476	1 931 091	-	-	100	64	-	-	-	-
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	125 211	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>303 653</b>	<b>(196 941)</b>	<b>106 712</b>	<b>-</b>	<b>-</b>	<b>66 777</b>	<b>1 878 302</b>	<b>-</b>	<b>-</b>	<b>2813</b>	<b>619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>303 653</b>	<b>(196 941)</b>	<b>106 712</b>	<b>-</b>	<b>-</b>	<b>66 777</b>	<b>1 878 302</b>	<b>-</b>	<b>-</b>	<b>2813</b>	<b>619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure and funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	2 815 828	(1 071 921)	1 743 907	-	-	1 743 907	1 616 022	-	-	93	57	-	-	-	-
Public contributions and donations	67 986	(2 500)	65 486	-	-	65 486	59 979	-	-	92	88	-	-	-	-
Borrowing	2 500 000	(2 500 000)	-	-	-	-	(1 281)	-	-	-	-	-	-	-	-
Internally generated funds	4 297 543	1 292 492	5 590 035	-	-	5 590 035	4 874 528	-	-	87	113	6 567	-	-	-
<b>Total sources of capital funds <sup>1</sup></b>	<b>9 681 357</b>	<b>(2 281 929)</b>	<b>7 399 428</b>	<b>-</b>	<b>-</b>	<b>7 399 428</b>	<b>6 549 248</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>															
Net cash from (used) operating	3 761 901	(301 339)	3 460 562	-	-	3 460 562	6 319 997	-	-	178	171	-	-	-	-
Net cash from (used) investing	(8 897 869)	2 094 004	(6 803 865)	-	-	(6 803 865)	(7 337 802)	-	-	107	83	-	-	-	-
Net cash from (used) financing	2 173 711	(2 558 550)	(384 839)	-	-	(384 839)	(371 494)	-	-	97	(17)	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>4 640 933</b>	<b>(765 885)</b>	<b>5 795 344</b>	<b>-</b>	<b>-</b>	<b>5 795 344</b>	<b>(1 389 299)</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2 962 257)</b>	<b>(765 885)</b>	<b>(3 728 142)</b>	<b>-</b>	<b>-</b>	<b>(3 728 142)</b>	<b>8 148 319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
<b>Gava Kassiem</b>		4	4
A Kassiem	Media coordinator		
<b>Bokamoso Enterprise Solutions</b>		785	785
MA Thobejane	Department of Land Affairs and Rural Development		
<b>Phumelela Clearing (Pty) Ltd</b>		445	445
S Ngame	Invasive species controller		
<b>Reeds Claremont</b>		884	884
E Jacobs	Senior clerk		
<b>Tempus Dynamics</b>		2 937	2 937
M Mvalo	Professional officer		
<b>Sitsol Trading</b>		169	169
C Sitzer	Senior clerk		
<b>Brainplay</b>		903	903
Mr Pieters	Teacher		
<b>Parkers Bus Service</b>		131	131
RM Parker	Western Cape Education Department		
<b>Jakepro Building Projects and Services</b>		34	34
Y Jacobs	Accountant		
<b>TSCH International Holdings</b>		131	131
RE Hlongwana	Manager: Cleansing		
<b>Bowman Gilfillan Inc (Land)</b>		115	115
Mr Deokiram	Logistics manager		
J van den Heuvel	Magistrate		
M van Aardt	Medical doctor		
M de Villiers	Project and process manager		
C Dyer	Deputy director		
C Franklyn	Specialist scientist		
Q Green	Director: Finance		
S Zondo	Operations manager		
T Mtshali	Deputy principal		
G Mellem	Teacher		
M Nyali	Teacher		
E Tipru	Senior application analyst		
S Pillay	Educator		
R Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
H Ben-David	Captain		
<b>Unako Holdings (Pty) Ltd</b>		23	23
TJ Vapi	Department of Correctional Services		
<b>Barends F</b>		166	166
T Barends	Senior SAP developer		
<b>Reeds Bellville</b>		600	600
E Jacobs	Senior clerk		
<b>Battery Centre Mitchells Plain</b>		118	118
F Badernhost	Councillor		
<b>Turner and Townsend (Pty) Ltd</b>		13 421	13 421
T Bulmer	Chief physiotherapist		
E Barnard	Risk manager		
P Naidoo	Doctor		
S Naicker	Head of Department		
M Low	Departmental head		
SM O'Connell	Librarian		

## ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020 (continued)

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
<b>Coeur Investments</b>		2 716	2 716
P Bell	Sports facilitator		
<b>Computer Specialists (Pty) Ltd</b>		2 184	2 184
N Orrie	Senior superintendent		
<b>Ithalomso (Pty) Ltd</b>		21 595	21 595
SN Fumba	Specialist clerk		
<b>Mbolompo Property Specialist Pty Ltd</b>		33	33
JS Mbolompo	Councillor		
<b>Naeem'S Truck &amp; Coach</b>		624	624
Z Smith	Department of Labour		
<b>Designtec Printing Cc</b>		740	740
M Mshweshwe	Manager: Access to Information		
<b>Bergstan South Africa Consulting</b>		18 244	18 244
J Beukes	Department of Social Development		
<b>Professional Emergency Care Cc</b>		189	189
JM Bodmer	Metro paramedics		
<b>Lilian4Zonke (Pty) Ltd</b>		2 586	2 586
F Monk	Subcouncil manager		
<b>Sunshine Hello Design</b>		70	70
MS Maroof	Professional officer		
<b>Purple Rose Distributors Cc</b>		319	319
C Hector	Quality assessor		
M Hector	Medical doctor		
<b>Mpumamanzi Group Cc</b>		53	53
ER Bowers	Social worker		
<b>Mainstruct Projects Cc</b>		36	36
E Benjamin	Clinical psychologist		
<b>Royal Haskoningdhv (Pty) Ltd</b>		3 971	3 971
L Dladla	Deputy director		
T Sithole	Associate director		
<b>JC Active Electrical</b>		4	4
C van der Vendt	Clerk		
<b>Skunyanas Trading</b>		395	395
Y Skunyana	Senior foreman		
<b>Aurecon South Africa (Pty) Ltd</b>		178 758	178 758
HC Ahlschlager	Legal representative		
T Botha	Technical manager		
Dr M Skead	Manager		
WZ Erasmus	Manager		
HG Esterhuysen	Manager		
T Govender	Administrator		
SM Grobbelaar	Town and regional planner		
A Heyns	Assistant superintendent		
JH Higgs	Regional manager		
A Hougaard	Principal network controller		
J Jacobs	Personal assistant to chief director		
BJ Cr Kriegler	Councillor		
R Reddy-Maduray	Project preparation specialist		
AJ Moore	Chief engineer		
K Nadasen	Director		
D Ntsebeza	Sanitation engineering manager		

## ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020 (continued)

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
NH Ntsebeza	Nurse		
SM O'Connell	Librarian		
PW Pansegrouw	Senior manager		
PS Pretorius	Chief officer		
JH Riekert	Manager		
JM Robertson	Roads engineer		
R Tebane	Executive manager		
J Tredoux	Deputy director		
ZC Venter	Deputy director		
J Wilkins	Vice-director		
<b>EPI-USE Africa (Pty) Ltd</b>		15 853	15 853
J Alberts	Deputy principal		
E Janse van Rensburg	Senior manager		
<b>Cape Town Skills Facilitators 786 CC</b>		71	71
T Jacobs	Deputy director		
<b>Isuzu Truck Centre</b>		198 107	198 107
E Jacobs	Senior clerk		
<b>Piston Power Chemicals</b>		1 822	1 822
N Andhee	Educator		
N Andhee	Educator		
<b>AAE Catering</b>		1 205	1 205
Y Ebrahim	Wastewater: Regional Operations Manager		
<b>VW Civil Engineering Supplies CC</b>		1 441	1 441
N Pedro	Specialist clerk		
<b>Faydies Corporate Gifts</b>		2 630	2 630
MF Votersen	Manager: Finance (Economic Opportunities and Asset Management)		
<b>Democratic Packaging CC</b>		1 723	1 723
V van der Heever	Educator		
<b>While Its Day</b>		580	580
C Hector	Building assessor		
M Hector	Medical doctor		
<b>Zaptron Pest Solutions</b>		116	116
F Fortune	Psychologist		
F Fortune	Oral hygienist		
<b>DS Gxilishe</b>		108	108
S Gxilishe	Educator		
B Gxilishe	Senior administrator		
<b>SANCCOB</b>		411	411
P Cilliers	Principal SAP-ERP analyst		
LC Roberts	State veterinarian: Epidemiologist		
<b>Masibambane Recruitment (Pty) Ltd</b>		23 319	23 319
V Williams	Stores clerk		
<b>Pathcare</b>		62	62
C Maas (left service of the state 01/06/2020)	Senior medical officer		
<b>NCC Environmental Services (Pty) Ltd</b>		45 541	45 541
C Rhoda	Invasive species programme manager		
<b>Ikapa Reticulation and Flow</b>		35 672	35 672
S Davids	Educator		
<b>Transport Telematics Africa</b>		12 528	12 528
JJE Groenewald	Financial officer		
<b>Fleet Tech</b>		1 113	1 113
S Willemse	Administrative officer		



**ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020**  
(continued)

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
<b>Bowman Gilfillan Inc (Legal)</b>		1 781	1 781
H Ben-David	Captain		
O Bhayat	Member of Mayoral Committee		
J van den Heuvel	Magistrate		
EJ van den Berg	School psychologist		
M de Villers	Manager		
C Dyer	Deputy director		
S February	Educator		
C Franklyn	Specialist scientist		
Q Green	Director		
S Zondo	Operations manager		
T Mtshali	Deputy principal		
G Mellem	Teacher		
R Ramdenee	Vice-president		
M Nyali	Teacher		
E Tipru	Senior application analyst		
S Pillay	Educator		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
H Ben-David	Captain		
<b>Norton Rose Fulbright South Africa</b>		2 785	2 785
F Nonhlanhla	Telecoms operator		
S Clay	Educator		
E Maubane	Human resources: administrator		
C Sunpath	Medical doctor		
H Sunpath	Chief technical advisor		
G Adams	Deputy principal		
<b>Conlog</b>		3 407	3 407
N Moodley	Director		
<b>Radian</b>		1 722	1 722
P Naidoo	Programme manager		
<b>Tjeka Training Matters (Pty) Ltd</b>		693	693
B Ntlangi	Clerk		
<b>Gibb</b>		27 314	27 314
C Hering	Electrical engineer		
S Singh	Human resources officer		
D Alderman	Educator		
A Moon	Head: Business Continuity		
T Gqobo	Technician		
D O'Reilly	Warrant officer		
S Cilliers	Educator		
S Jaffa	Assistant manager		
V Sicwebu	Manager		
N Mkhize	Accounting clerk		
I Brink	Educator		
J Gooch	Head		
L Cloete	Lecturer		
D Kiewiet	Manager		
R Beharie	Senior engineer		
L Mkhumuzi	Senior rates clerk		
K Naidoo	Head		

## ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020 (continued)

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
<b>Anlo Print and Mail CC</b> N Taylor	Administrative officer	143	143
<b>Kemanzi (Pty) Ltd</b> J du Toit	Traffic inspector	932	932
<b>LJA Construction CC</b> L Arries	Educator	8 406	8 406
<b>The Environmental Partnership</b> F Shariff	Director: Strategic Assets	235	235
<b>Tree Cutting People</b> T Hlwatika	Clinical nurse practitioner	581	581
<b>Vinzeigh Leukes Trading</b> J Fortuin	Department of Rural Development	106	106
<b>Malherbe Tubb Faure Inc T/A Mhi Attorney</b> J Rossouw	Administrative officer	2 227	2 227
<b>Bethel Buzz</b> N Williams S Jacobs	Senior clerk Soldier	125	125
<b>Reeds N1 City</b> E Jacobs	Senior clerk	569	569
<b>EAS Infrastructure Engineers</b> J Brown	Housing rental stock coordinator	1 184	1 184
<b>Hygiene Service</b> S Zini (left service of the state 30/11/2019)	Expanded Public Works Programme auxiliary law enforcement	1 758	1 758
<b>Mtjekube (Pty) Ltd</b> S Maizeme	Administrative clerk	5	5
<b>Trendcore Supplies</b> S Mepomie	Colonel	45	45
<b>Greenro Solutions (Pty) Ltd</b> N Thabeng	Forensic analyst	24	24
<b>Charmli Builders</b> C Absolom	Administrative clerk	21	21
<b>Niyalwa</b> M Sakwe	Quantity surveyor	156	156
<b>WDW Maintenance Landscaping Delivery</b> C de Wee	Administrative officer	15	15
<b>Yiza Apha Trading</b> AV Kelland	Administrative officer	245	245
<b>Globreach (Pty) Ltd</b> MM Manci	Major-general	385	385
<b>Neoteric Trading Services</b> S Jacobs	Director	186	186
<b>Mgwelva Projects and Services (Pty)Ltd</b> N Nmabena	Clerk	50	50
<b>Zelunga Investment</b> TC Biyase NP Biyase	KwaZulu-Natal Department of Education Department of Water and Sanitation	9	9
<b>Athlone Auto Transmissions</b> N Joseph	Director	612	612
<b>Fikelela Labour Services</b> D Joseph	Member of Parliament	2 164	2 164
<b>Focal Medical Point SA</b> D Henkel	Learner fire fighter	1 011	1 011

**ANNEXURE F: Bids awarded to family of employees in the service of the state – 2020**  
(continued)

Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2020	2020
<b>Advocc CC</b> I Zimri	Department of Health	32	32
<b>Likhona Lethu Services</b> Z Rafu	Police officer	5 973	5 973
<b>Succido Enterprises</b> L Kramm	Passenger Rail Agency of South Africa	249	249
<b>WRP Consulting Engineers (Pty) Ltd</b> K Mamphitha Z van Rooyen	South African Broadcasting Corporation Department of Public Works	4 330	4 330
<b>Leibrandt Training Academy CC</b> H Benjamin	Psychologist	45	45
<b>Toxsolutions Kits and Services CC</b> G Pearson	Rand Water	404	404
<b>CJ Supplies (Pty) Ltd</b> P Thomas	Superintendent	24	24
<b>Tsoga O Bune Building Enterprises CC</b> K Kekana	Engineering artisan	6 470	6 470
<b>HRK Cape (Pty) Ltd</b> T Sambo	Professional officer	917	917
<b>Deo Favente Pty Ltd</b> CC Snell (left service of the state 27/06/2020)	Expanded Public Works Programme	136	136
<b>JG Afrika (Pty) Ltd</b> R Maharaj	Planner	34 792	34 792
<b>Webber Wentzel</b> C Truter AM Truter E Watson JCL Smit Dr D Singh P Singh N Dias	Department of Education Education: West Coast District Department of Public Service Beaufort West Municipality Department of Education Department of Education Senior legal advisor: Litigation	9 206	9 206
<b>Individuals</b> M Brink P Naidoo Y Phosa M Selepe	Doctor Project manager, City of Cape Town Parliament Deputy director, City of Tshwane	1 214 1 662 52 139	
<b>TOTAL</b>		<b>720 226</b>	<b>717 159</b>

## APPENDIX A

### Abbreviations used in these financial statements

AFD	Agence Française de Développement
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
B-BBEE	Broad Based Black Economic Empowerment Act
BELCOM	Built Environment and Landscapes Committee
CCT	City of Cape Town
CID(s)	city improvement district(s)
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
COVID-19	coronavirus disease of 2019
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
CTST	Cape Town Stadium
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
FBE	free basic electricity
FCSA	Financial Sector Conduct Authority
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
ICDG	Integrated City Development Grant
IDP	Integrated Development Plan
IFRIC	The Former International Financial Reporting Interpretations Committee of the IASB, now renamed the IFRS Interpretations Committee (also refers to individual Interpretations issued by the Committee)
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IPM	Individual Performance Management performance
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MPRA	Local Government: Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NDHS	National Department of Human Settlements
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PPE	property, plant and equipment
PRASA	Passenger Rail Agency of South Africa
Province	Western Cape Provincial Government
PTNG	Public Transport Network Grant
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SAP	Systems, Applications and Products
SAMWU	South African Municipal Workers Union
SCM	Supply Chain Management (Department)
SOA	Scheme of Arrangement
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax

