



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

AUDITED



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



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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 2022, as set out on pages 9 to 121 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 39.2.2.1 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.


Lungelo Mbandazayo
City Manager

29 September 2022

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

GENERAL INFORMATION

AS AT 30 JUNE 2022

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 2022

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor; Future Planning and Resilience

Ald G Hill-Lewis

Deputy Mayor; Spatial Planning and Environment

Ald E Andrews

Community Services and Health

Cllr P van der Ross

Corporate Services

Ald T Uys

Economic Growth

Ald J Vos

Energy

Cllr B van Reenen

Finance

Cllr S Mbandezi

Human Settlements

Cllr M Boo

Safety and Security

Ald JP Smith

Urban Mobility

Cllr R Quintas

Urban Waste Management

Ald G Twigg

Water and Sanitation

Cllr Z Badroodien

EXECUTIVE MANAGEMENT TEAM

City Manager

L Mbandazayo

Chief Financial Officer

K Jacoby

Community Services and Health

E Sass

Corporate Services

Z Mandlana (acting)

Economic Growth

R Gelderbloem (acting)

Energy

K Nassiep

Future Planning and Resilience

G Morgan (acting)

Human Settlements

N Gqiba

Safety and Security Services

V Botto (acting)

Spatial Planning and Environment

H Naude (acting)

Urban Mobility

D Campbell

Urban Waste Service

R Keraan (acting)

Water and Sanitation

M Webster

MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

Chairperson

M Burton

Members

T Blok

L Nene

P Dala

S Mzizi

OTHER

Speaker

Ald F Purchase

Chief Whip

Cllr D Visagie

GENERAL INFORMATION (continued)

AS AT 30 JUNE 2022

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Ald EP Andrews	Cllr DE Badela	Cllr S Frenchman
Ald R Arendse	Cllr ZA Badroodien	Cllr A Gabuza
Ald AJG Basson	Cllr UM Barends	Cllr M Gadeni
Ald PH Chapple	Cllr AM Benadie	Cllr GE Gordon
Ald GD Fourie	Cllr R Beneke	Cllr T Gqada
Ald G Hill-Lewis	Cllr M Booï	Cllr AJ Griesel
Ald BM Jacobs	Cllr PN Booï	Cllr NE Grose
Ald WD Jafftha	Cllr S Booysen	Cllr LA Gungxe
Ald C Jordaan	Cllr FR Botha-Rossouw	Cllr KW Gxasheka
Ald CR Justus	Cllr NA Botya	Cllr B Hansen
Ald ML Kempthorne	Cllr R Bresler	Cllr W Harris
Ald XT Limberg	Cllr CA Brynard	Cllr GCR Haskin
Ald E Linde	Cllr R Cameron	Cllr PG Helfrich
Ald S Moodley	Cllr R Cannon	Cllr A Hendricks
Ald ID Neilson	Cllr KR Carls	Cllr P Hendricks
Ald MJ Nieuwoudt	Cllr H Carstens	Cllr PC Heynes
Ald SB Pringle	Cllr A Cassiem	Cllr F Higham
Ald FA Purchase	Cllr MA Cassiem	Cllr T Jackson
Ald SJ Rossouw	Cllr CS Cerfontein	Cllr DG Jacobs
Ald J Smith	Cllr MN Chitha	Cllr HW Jacobs
Ald X Sotashe	Cllr DJ Christians	Cllr MR Jacobs
Ald TB Thompson	Cllr M Christians	Cllr PS Jacobson
Ald GG Twigg	Cllr K Christie	Cllr C Janse van Rensburg
Ald TA Uys	Cllr BR Clarke	Cllr E Jansen
Ald JFH van der Merwe	Cllr GJ Classen	Cllr GV Joachims
Ald A van der Rheede	Cllr DG Cottee	Cllr M Joseph
Ald J Vos	Cllr J Cupido	Cllr N Jowell
Ald BRW Watkyns	Cllr M Dambuza	Cllr K Kama
Cllr MF Achmat	Cllr A Davids	Cllr AE Kay
Cllr A Adams	Cllr R Davids	Cllr MRH Kleinschmidt
Cllr A Adams	Cllr BAC de Beer	Cllr ME Kleinsmith
Cllr F Adams	Cllr VD de Vos	Cllr C Kobeni
Cllr R Adams	Cllr VPW de Vos	Cllr NF Kopman
Cllr Y Adams	Cllr X Diniso	Cllr AE Kuhl
Cllr M Adonis	Cllr SS Duka	Cllr E Langenhoven
Cllr N Adonis	Cllr PA East	Cllr A Lansdowne
Cllr FK Ah-Sing	Cllr AZMI Elyas	Cllr U Lasiti
Cllr WJ Akim	Cllr CJ Esau	Cllr TA Le Goff
Cllr E Anstey	Cllr P Francke	Cllr SP Liell-Cock
Cllr SF August	Cllr C Franklin	Cllr AG Lightburn

GENERAL INFORMATION (continued)

AS AT 30 JUNE 2022

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Cllr S Little	Cllr NC Mvinjelwa	Cllr MM Sibunzi
Cllr FP Lombard	Cllr PS Mzolisa	Cllr CC Siebritz
Cllr N Lombi	Cllr S Ndamane	Cllr L Simangweni
Cllr AC Louw	Cllr D Nelson	Cllr J Solomon
Cllr M Mabungani	Cllr B Ngcombolo	Cllr L Somdaka
Cllr EM Madikane	Cllr D Ngubelanga	Cllr NP Sono
Cllr BM Majingo	Cllr M Nikelo	Cllr LP Sonyoka
Cllr N Makasi	Cllr S Nodliwa	Cllr Z Sophazi
Cllr MS Makuwa	Cllr ML Ngavashe	Cllr KG Southgate
Cllr M Manuel	Cllr GF Ntamo	Cllr S Stacey
Cllr M Manuel	Cllr L Ntshuntshe	Cllr JN Stevens
Cllr BB Maqungwana	Cllr NA Ntshweza	Cllr N Stuurman
Cllr K Mare	Cllr A Ntsodo	Cllr NRE Sukers
Cllr GP Marias	Cllr T Nyamakazi	Cllr Z Sulelo
Cllr SG Markgraff	Cllr GD Paige	Cllr PS Swart
Cllr PI Marman	Cllr BL Payiya	Cllr S Taliép
Cllr MJ Marr	Cllr GC Peck	Cllr PP Tause
Cllr L Martin	Cllr XG Peter	Cllr M Temlett
Cllr J Martlow	Cllr MJ Petersen	Cllr HP Terblanche
Cllr DZ Masiu	Cllr L Phakade	Cllr A Tetani
Cllr V Matanzima	Cllr S Philander	Cllr SC Thompson
Cllr N Matutu	Cllr TI Pimpi	Cllr G Timm
Cllr LH Max	Cllr A Plaatjies	Cllr NV Tyandela
Cllr P Maxiti	Cllr CJ Pophaim	Cllr B van der Merwe
Cllr L Mazwi	Cllr A Potts	Cllr PE van der Ross
Cllr S Mbandezi	Cllr CB Punt	Cllr B van Reenen
Cllr LN Mbiza	Cllr ZL Qoba	Cllr A van Zyl
Cllr N McFarlane	Cllr RM Quintas	Cllr R Viljoen
Cllr AP McKenzie	Cllr MH Raise	Cllr DA Visagie
Cllr IP McMahon	Cllr N Rheeder	Cllr CL Visser
Cllr B Mei	Cllr A Richards	Cllr J Visser
Cllr TM Mjuza	Cllr S Rigby	Cllr FC Walker
Cllr MA Mkutswana	Cllr S Salie	Cllr CMK Wannenburg
Cllr Y Mohamed	Cllr MJ Sampson	Cllr N Williams
Cllr AC Moses	Cllr N Satarien	Cllr JJ Witbooi
Cllr T Mpengezi	Cllr FA Sauls	Cllr J Woodman
Cllr LM Mqina	Cllr E Sawant	Cllr B Yeko

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

Cllr NM Bolitye	12/07/2021	Cllr MK Bafo	08/11/2021
Cllr G Classen	03/08/2021	Cllr S Batala	08/11/2021
Cllr N Sono	21/09/2021	Cllr TM Batembu	08/11/2021
Ald GW March	28/09/2021	Ald R Bazier	08/11/2021
Ald A Abrahams	08/11/2021	Cllr CB Bew	08/11/2021
Cllr FL Abrahams	08/11/2021	Cllr EN Brunette	08/11/2021
Cllr MR Abrahams	08/11/2021	Cllr MF Cassim	08/11/2021
Cllr ZC Adonis	08/11/2021	Ald GV Cavanagh	08/11/2021

GENERAL INFORMATION (continued)

AS AT 30 JUNE 2022

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

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

Cllr SA Cottle	08/11/2021	Cllr BP Ngcani	08/11/2021
Cllr AC Crous	08/11/2021	Cllr MWN Ngeyi	08/11/2021
Cllr T Dasa	08/11/2021	Cllr PM Ngqu	08/11/2021
Cllr MM Davids	08/11/2021	Cllr XW Ngwekazi	08/11/2021
Cllr WB Dlulane	08/11/2021	Cllr SG Ngxumza	08/11/2021
Cllr WP Doman	08/11/2021	Cllr FM Nkunzana	08/11/2021
Cllr DK Dudley	08/11/2021	Cllr X Nofemele	08/11/2021
Cllr JP Fitz	08/11/2021	Cllr S Nonkeyizana	08/11/2021
Cllr CM Fry	08/11/2021	Cllr SN Nqabeni Moloto	08/11/2021
Cllr BC Golding	08/11/2021	Cllr M Nqulwana	08/11/2021
Cllr CD Groenewoud	08/11/2021	Cllr P Nyakaza-Sandla	08/11/2021
Cllr ND Hlangisa	08/11/2021	Cllr L Nyingwa	08/11/2021
Cllr MW Hlazo	08/11/2021	Cllr SF Oerson	08/11/2021
Cllr TT Honono	08/11/2021	Cllr MP Pietersen	08/11/2021
Cllr VR Isaacs	08/11/2021	Cllr YM Plaatjie	08/11/2021
Cllr IR Iversen	08/11/2021	Cllr X Qwesha	08/11/2021
Cllr L Jali	08/11/2021	Cllr B Rass	08/11/2021
Cllr S John	08/11/2021	Cllr FHL Raymond	08/11/2021
Cllr DM Khatshwa	08/11/2021	Cllr T Sakathi	08/11/2021
Cllr AL Komeni	08/11/2021	Cllr RZ Simbeku	08/11/2021
Cllr GPG Kriel	08/11/2021	Cllr RS Simons	08/11/2021
Cllr MD Kumeke	08/11/2021	Cllr AJ Skippers	08/11/2021
Ald NJ Landingwe	08/11/2021	Cllr OK Solomons	08/11/2021
Cllr BC Madikane	08/11/2021	Cllr EAJ Theron	08/11/2021
Cllr NG Mahangu	08/11/2021	Cllr ML van der Walt	08/11/2021
Cllr N Mahlati	08/11/2021	Cllr M Velem	08/11/2021
Cllr LC Makeleni	08/11/2021	Cllr PP Vokwana	08/11/2021
Cllr SK Manata	08/11/2021	Cllr ST Vuba	08/11/2021
Cllr V Matanzima	08/11/2021	Cllr N Xamle	08/11/2021
Cllr JJ Maxheke	08/11/2021	Cllr SK Yozi	08/11/2021
Cllr JS Mbolompo	08/11/2021	Cllr LG Zondani	08/11/2021
Cllr NV Mbombo	08/11/2021	Cllr AK Matthews	24/11/2021
Cllr CN Mdleleni	08/11/2021	Cllr DDJ Newman-Valentine	25/11/2021
Cllr SS Mfecane	08/11/2021	Cllr RF Solomons	25/11/2021
Cllr NE Mgolombane	08/11/2021	Cllr JL Miller	29/11/2021
Cllr JH Middleton	08/11/2021	Cllr UE Ntame	29/11/2021
Cllr PM Mngxunyeni	08/11/2021	Cllr MW Rountree	15/12/2021
Cllr NA Moshani	08/11/2021	Ald DM Plato	17/01/2022
Cllr S Mzobe	08/11/2021	Cllr F Essack	11/05/2022
Cllr N Ndaleni/Nikelo	08/11/2021	Cllr MM Sibunzi	20/05/2022
Cllr AX Ndongeni	08/11/2021	Cllr TM Geoghegan	20/06/2022
Cllr K Nethi	08/11/2021		

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

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 Entity has adopted Directive 5, as issued by the ASB, 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 a going-concern basis.

OFFSETTING

Assets and liabilities as well as revenue and expenses, are offset and the net amount is 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

Included in management's assessment of the City's going-concern status are:

- ✓ key financial metrics,
- ✓ the impact of the COVID-19 pandemic,
- ✓ the general economic conditions and forecasts,
- ✓ approved medium-term budgets, and
- ✓ the municipality's dependency on grants from National Government and the Western Cape Provincial Government (hereafter "Province").

The National State of Disaster regulations promulgated to combat the Covid-19 pandemic, particularly the nationwide restrictions on spectator attendance at large events and gatherings, have had a negative impact on the normal business operations of the Cape Town International Convention Centre Company (RF) SOC Ltd (CTICC) and the Cape Town Stadium (RF) SOC Ltd (CTST). As both entities are event-driven, the regulations had a significant impact on their cash generating abilities. The gradual relaxation of these restrictions as the year progressed, with government finally removing all Covid-19 related restrictions in June 2022, resulted in significant improvements in business activities for these entities during the latter part of the year.

The R200 million investment in the CTICC in which the City approved to fund the latter's cash shortfall by means of the new class C ordinary shares, to be taken up as and when the CTICC requires the funding for its cash flow needs, was extended to 30 June 2024. To date, the entity has only utilised R51 million of the approved funding as the entity is able to fund its own operations as business levels have increased with the relaxation and ultimate removal of the COVID-19 restrictions. The CTST's operations, in turn, are funded by the City in terms of a service delivery agreement based on its approved budget, which contributes to 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 2022

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

MATERIALITY

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these audited annual financial statements.

In preparation of the audited annual financial statements, materiality has been considered in:

- ✓ Deciding what to report in the audited annual financial statements and how to present it.
- ✓ Assessing the effect of omissions, misstatements and errors on the audited annual financial statements.

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

Threshold for 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 38 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 City.

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 are likely to influence users' decisions.

The quantitative value of materiality per transaction class for the year is as follows:

Class of transactions	Level of materiality (R'000)
Revenue	262 344
Expenditure	256 189
Non-current assets	316 622
Current assets	81 223
Non-current liabilities	68 950
Current liabilities	47 165

The materiality calculation is based on the final approved 2021/22 adjustments budget of January 2022 for all classes of transactions.

Based on professional judgement, the overall quantitative value of materiality for the 2021/22 financial year is set at R250 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.

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 socioeconomic 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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

INVENTORY

The City regards water to meet the definition of inventory at the point where water enters the City's purification network. However, water in dams and aquifers, that are filled by natural resources and that has not yet been treated, are not regarded as inventory as it is not under the control of the municipality. Control is demonstrated by an entity's ability to access and regulate the benefits of an asset and these naturally occurring resources are not always under all circumstances under the control of the municipality.

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 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 expected 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.

CAPITAL COMMITMENTS APPROVED AND CONTRACTED FOR CAPITAL EXPENDITURE

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

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'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 in recognising and measuring provisions, as well as measuring contingent liabilities, as set out in notes 13 and 34 respectively. Provisions are measured at 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.

Provision for rehabilitation of landfill sites is determined based on the advice and judgment of qualified engineers. The valuation of the rehabilitation and post-monitoring costs involves making assumptions about discount rates, expected useful lives of the landfill sites, rehabilitation and post-monitoring periods, and future inflation increases. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty.

CASH AND NON-CASH-GENERATING ASSETS

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges. During the current year, the City acquired an investment in an associate, in which it holds significant influence, which has been designated as a cash-generating unit in terms of its impairment considerations.

As such, management has determined that only the City's electricity assets and its investment in associate meets 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 City.

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

PRINCIPAL-AGENT ARRANGEMENTS

Management's judgement is required in determining whether 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 the rights and obligations of all parties to each binding arrangement so as to establish whether the transactions it undertakes with third parties are for the benefit of another entity or for its own.

SEGMENT REPORTING

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

CONTROLLED ENTITIES

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

- ✓ 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 is obtained through voting rights based on the City's shares in these different entities. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction is considered when assessing whether the City has power over these entities.

The City 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 investment in these entities, and in return on investment, such as dividends or other distributions.

The City's voting rights enable it to affect the nature and amount of its benefits through voting at shareholder meetings, and, therefore, the City 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 City. None of the controlled entities have non-controlling interests that are material to the City.

ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

There are no new GRAP standards that are applicable and effective in the current year.

STANDARDS, GUIDELINES 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 had 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, the following approved standards of GRAP and amendments to the standards of GRAP had been issued, but were not yet effective.

Annual periods commencing on or after 1 April 2023

- ✓ Amendments to GRAP 1 on Presentation of Financial Statements
- ✓ Improvements to Standards of GRAP (2020)
- ✓ IGRAP 21 on The Effect of Past Decisions on Materiality

The purpose of the amendments and improvements to the Standards of GRAP is to better align with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

IGRAP 21 explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items. It establishes the principle that the application of materiality and alternative accounting treatments are not errors and are not departures from the Standards of GRAP. It further clarifies when can errors occur in applying materiality, and the circumstances that may lead to errors.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

ADOPTION OF NEW AND REVISED STANDARDS (continued)

STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE (continued)

Annual periods commencing on or after 1 April 2025

GRAP 104 on Financial Instruments

GRAP 104 was revised in 2021 to align it with IPSAS 41 on Financial Instruments and IFRS 9 on Financial Instruments. IFRS 9 substantially revised the way in which financial instruments are classified, how amortised cost is determined, how and when financial assets are assessed for impairment, and overhauled the requirements for hedge accounting. The transitional provisions require adoption of the revised GRAP 104 Standard taken as a whole. Partial or incremental adoption is not permitted.

No effective date

GRAP 25 on Employee Benefits

GRAP 25 was revised in 2021 to align it with IPSAS 39. Areas where GRAP 25 departs from the requirements of IPSAS 39 are explained in the basis for conclusions. The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans.

Management has considered all of the above-mentioned GRAP standards issued but not effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the controlling entity (City of Cape Town) and both 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 intra-economic entity 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 economic entity 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 intra-economic entity investments eliminated on consolidation.

INVESTMENT IN ASSOCIATE

An associate is an entity over which the City has significant influence and that is neither a controlled entity nor an interest in a joint venture. The investment in an associate is accounted for by using the equity method from the date on which the City becomes an associate. The investment in associate is initially recognised at cost and increased or decreased to recognise the City's share of the accumulated surplus or deficit generated subsequent to its acquisition.

After application of the equity method, including recognising the associate's losses, the City determines whether it is necessary to recognise any additional impairment loss with respect to the City's net investment in an associate.

SIGNIFICANT INFLUENCE

Management's judgement is required to determine whether it holds significant influence over another entity. 'Significant influence' is the power to participate in financial and operating policy decisions of the investee but is not control or joint control over those policies.

There is a rebuttable presumption that a shareholding in excess of 20% but less than 50% gives rise to significant influence. Management has concluded that the proportion of ownership interest held in the associate equals the voting rights held by the City.

IMPAIRMENT OF INVESTMENT IN ASSOCIATE

At each reporting date, the entity assesses whether there is any indication that the investment in associate may be impaired. The assessment in respect of the impairment of the investment in associate is based on the difference between the carrying amount of the investment and the recoverable amount. The recoverable amount is determined as the higher of the asset's fair value less cost to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. The value in use of a cash generating assets is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 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 to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

PROPERTY, PLANT AND EQUIPMENT (continued)

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
Infrastructure		Other	
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
Housing	30	Specialised vehicles	10 – 20
		Library books	1
Community		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 the City uses 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

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.

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.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Impairment losses on financial assets measured at cost shall not be reversed.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

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.

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 or current replacement cost, according to their age, condition and utility. Differences arising in the measurement of such inventories at the lower of cost and net realisable value or current replacement cost 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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.

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 after 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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 assets", 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

The City of Cape Town, elected in its separate financial statements, to account for its investments in controlled entities and associates as Financial Instruments.

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. The assessment in respect of the impairment of the financial asset is based on the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate or return. In arriving at the estimated future cash flows, significant assumptions regarding future cash flows was made by management.

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.

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.

Included in the contractual receivables from exchange transactions, specifically Water, Waste management and Wastewater management are receivables from availability charges that should be presented as contractual receivables from non-exchange receivables. However, it is impracticable for the municipality to comply with this classification requirement as the municipality's accounting system cannot distinguish receivables in this way and provide the required information, and the cost to develop it would be excessive. The municipality assessed the possibility to estimate these amounts, but found it impossible to provide a reliable estimate due to a lack of objective information. The revenue related to these receivables has been correctly split between exchange and non-exchange service charges in note 19.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

RECEIVABLES (continued)

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 adopted by Council 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.

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 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 from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

REVENUE RECOGNITION (continued)

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. 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 on the date of the offence.

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.

CONSTRUCTION CONTRACTS

ARRANGEMENTS UNDERTAKEN IN TERMS OF THE NATIONAL HOUSING PROGRAMME

The City received a level two accreditation in terms of the National Housing Code during March 2021 for its participation in the National Housing Programme. It is a project developer in terms of arrangements related to the construction and transfer houses to the beneficiaries of the National Housing Programme.

Grants received to implement the National Housing Programme are recognised as contract revenue.

Contract revenue comprises:

- a) the initial amount of revenue agreed in the contract; and
- b) variations in contract work, claims and incentive payments to the extent that:
 - i) it is probable that they will result in revenue; and
 - ii) they are capable of being reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised as revenue by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed with reference to a review of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- a) total contract revenue, if any, can be measured reliably;
- b) it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- c) both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Costs incurred to implement the National Housing Programme are expensed as contract costs. Contract costs comprise:

- a) costs that relate directly to the specific contract;
- b) costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

- a) general administration costs for which reimbursement is not specified in the contract;
- b) selling costs;
- c) research and development costs for which reimbursement is not specified in the contract; and
- d) depreciation of idle plant and equipment that is not used on a particular contract.

As with contract revenue, contract costs are recognised as expenses when the outcome of a construction contract can be estimated reliably, by reference to the stage of completion of the contract activity at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

CONSTRUCTION CONTRACTS (continued)

Other transactions related to housing arrangements

Other transactions may also arise from the Housing Arrangements and fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements.

- ✓ Income from grants pertaining to the planning and construction of civil services of a project is considered to be grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions.
- ✓ Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.

Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements, and as such the municipality is regarded as an agent.

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.

UNAUTHORISED, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular, fruitless and wasteful expenditure is accounted for as a capital or operating expenses in the financial statements 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 expenses are disclosed in note 41.

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.

SEGMENT REPORTING

Basis for segmentation

The City 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 City produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and in monitor segment performance. The disclosure of information about segments in the budget statements is 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.

SIGNIFICANT ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2022

SEGMENT REPORTING (continued)

Basis for segmentation (continued)

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

Reportable segments are identified based on activities of the Entity that generate 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.

Intersegment 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 "Inter segment offsetting" 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 geographic areas is not available and the cost to develop it would be excessive.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated ¹ 2021	2022	Restated ¹ 2021
ASSETS					
Non-current assets					
Property, plant and equipment	2	63 740 495	60 935 861	63 475 894	60 640 764
Heritage assets	3	55 859 317	53 180 741	55 427 040	52 846 552
Investment property	4	10 268	10 268	10 268	10 268
Intangible assets	5	577 820	579 534	577 820	579 534
Investments	6	626 733	629 285	621 600	624 635
Investment in associate	39.1	6 509 989	6 352 701	6 837 924	6 573 136
Long-term receivables	7	28 033	-	-	-
Deferred taxation	32.1	1 242	6 639	1 242	6 639
		127 093	176 693	-	-
Current assets					
Inventory	8	18 501 143	18 122 654	18 389 398	18 039 300
Receivables	9	432 192	469 154	430 223	467 065
From non-exchange transactions		6 962 230	6 613 049	6 908 628	6 554 666
From exchange transactions		2 683 262	2 885 850	2 685 570	2 883 429
Investments	6	4 278 968	3 727 199	4 223 058	3 671 237
Value-added tax	17	2 746 207	2 883 869	2 746 207	2 883 869
Taxation		5 209	-	5 951	-
Current portion of long-term receivables	7	663	663	-	-
Cash and cash equivalents	10	3 246	7 600	3 246	7 600
		8 351 396	8 148 319	8 295 143	8 126 100
TOTAL ASSETS		82 241 638	79 058 515	81 865 292	78 680 064
LIABILITIES					
Non-current liabilities					
Borrowings	11	12 651 891	13 662 335	12 651 891	13 662 335
Provisions	13	5 220 709	6 547 823	5 220 709	6 547 823
		7 431 182	7 114 512	7 431 182	7 114 512
Current liabilities					
Deposits	14	11 301 608	9 991 457	11 192 700	9 900 213
Provisions	13	564 502	508 252	487 878	439 775
Payables from exchange transactions	15	1 692 258	1 572 671	1 692 258	1 572 671
Unspent conditional grants and receipts	16	6 840 388	6 266 547	6 808 104	6 244 318
Value-added tax	17	777 984	1 116 830	777 984	1 116 830
Current portion of borrowings	11	-	86 918	-	86 380
		1 426 476	440 239	1 426 476	440 239
TOTAL LIABILITIES		23 953 499	23 653 792	23 844 591	23 562 548
NET ASSETS					
Total net assets					
Housing development fund	18	58 288 139	55 404 723	58 020 701	55 117 516
Reserves		312 820	421 203	312 820	421 203
Accumulated surplus		5 067 995	5 077 328	5 067 995	5 077 328
Non-controlling interest		52 625 049	49 633 643	52 639 886	49 618 985
		282 275	272 549	-	-
TOTAL NET ASSETS AND LIABILITIES		82 241 638	79 058 515	81 865 292	78 680 064

¹ See note 37 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated ¹ 2021	2022	Restated ¹ 2021
REVENUE					
Exchange revenue		26 033 423	23 087 278	25 966 291	23 075 745
Service charges	19	23 526 346	20 756 309	23 526 030	20 766 811
Rental of letting stock and facilities		454 881	352 814	382 647	329 575
Finance income	20	1 249 562	1 221 202	1 247 922	1 217 275
Licences and permits		40 010	39 181	40 010	39 181
Agency services		262 094	270 810	262 094	270 810
Other income	21	428 467	383 048	407 401	388 179
Gains on disposal of property, plant and equipment		72 063	63 914	100 187	63 914
Non-exchange revenue		22 799 577	21 993 996	22 799 432	21 999 818
Service charges	19	35 778	33 128	35 778	33 128
Finance income	20	99 174	134 185	99 174	134 185
Other income	21	293 385	270 239	293 385	270 239
Property rates	22	10 358 888	9 999 209	10 358 743	10 005 031
Fuel levy		2 608 900	2 594 971	2 608 900	2 594 971
Fines, penalties and forfeits		1 926 090	1 571 763	1 926 090	1 571 763
Government grants and subsidies	23	7 181 249	7 003 574	7 181 249	7 003 574
Construction contracts	24	282 031	250 308	282 031	250 308
Public contributions	25	14 082	136 619	14 082	136 619
TOTAL REVENUE		48 833 000	45 081 274	48 765 723	45 075 563
EXPENDITURE					
Employee-related costs	26	15 309 791	15 179 402	15 253 889	15 109 022
Remuneration of councillors and board members	39.2.2.1	158 411	159 272	157 473	158 089
Impairment costs	27	2 745 381	2 994 130	2 873 178	2 971 887
Collection costs		213 232	197 733	211 862	197 733
Depreciation and amortisation expenses ²	2,4,5	3 065 552	2 887 634	3 026 161	2 833 027
Finance costs	28	771 626	818 801	771 626	818 801
Bulk purchases	29	11 839 509	10 147 766	11 839 509	10 147 766
Contracted services	30	2 897 455	2 605 108	2 887 360	2 596 756
Grants and subsidies paid		325 443	256 155	367 358	321 394
General expenses	31	8 567 977	8 093 147	8 468 858	8 002 845
Losses on disposal of property, plant and equipment		5 264	2 940	5 264	2 940
TOTAL EXPENDITURE		45 899 641	43 342 088	45 862 538	43 160 260
NET SURPLUS FROM OPERATIONS		2 933 359	1 739 186	2 903 185	1 915 303
Share of loss in associate	39.1	(343)	-	-	-
Surplus from operations before taxation		2 933 016	1 739 186	2 903 185	1 915 303
Taxation	32.2	(49 600)	12 576	-	-
NET SURPLUS FROM OPERATIONS		2 883 416	1 751 762	2 903 185	1 915 303
Attributable to owners of the controlling entity		2 881 660	1 773 377		
Attributable to non-controlling interest		1 756	(21 615)		
SURPLUS FOR THE YEAR		2 883 416	1 751 762		

¹ See note 37 for more details.

² See Annexure B for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

ECONOMIC ENTITY						
	Housing development fund	Capital replacement reserve	Insurance reserves	Total	Non-controlling interest	Accumulated surplus
2020						
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 578 047	294 164	53 511 406
Restatement	-	-	-	141 555	-	141 555
Restated balance as at 1 July 2020 ¹	463 210	4 561 164	614 821	47 719 602	294 164	53 652 961
2021						
Restated surplus ¹	-	-	-	1 773 377	(21 615)	1 751 762
Surplus for the year as previously reported	-	-	-	1 912 493	-	-
Restatement	-	-	-	(139 116)	-	-
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	-	-
Balance as at 30 June 2021	421 203	4 452 496	624 832	49 633 643	272 549	55 404 723
2022						
Surplus for the year	-	-	-	2 881 660	1 756	2 883 416
Transfer from share purchases	-	-	-	(7 970)	7 970	-
Transfer (from)/to	(88 167)	751 943	8 356	(672 132)	-	-
Property, plant and equipment purchased	(20 216)	(769 632)	-	789 848	-	-
Balance as at 30 June 2022	312 820	4 434 807	633 188	52 625 049	282 275	58 288 139

¹ See note 37 for more details.

CITY OF CAPE TOWN					
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2020					
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 421 463	53 060 658
Restatement	-	-	-	141 555	141 555
Restated balance as at 1 July 2020 ¹	463 210	4 561 164	614 821	47 563 018	53 202 213
2021					
Restated surplus ¹	-	-	-	1 915 303	1 915 303
Surplus for the year as previously reported	-	-	-	2 054 419	-
Restatement	-	-	-	(139 116)	-
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	-
Balance as at 30 June 2021	421 203	4 452 496	624 832	49 618 985	55 117 516
2022					
Surplus for the year	-	-	-	2 903 185	2 903 185
Transfer (from)/to	(88 167)	751 943	8 356	(672 132)	-
Property, plant and equipment purchased	(20 216)	(769 632)	-	789 848	-
Balance as at 30 June 2022	312 820	4 434 807	633 188	52 639 886	58 020 701

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated ¹ 2021	2022	Restated ¹ 2021
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		43 875 363	41 704 237	43 495 165	41 378 258
Cash paid to suppliers and employees		(38 635 128)	(35 878 993)	(38 246 889)	(35 438 410)
Cash generated from operations	33	5 240 235	5 825 244	5 248 276	5 939 848
Finance income	33	1 433 666	1 308 676	1 432 200	1 304 749
Finance costs	33	(702 468)	(731 498)	(702 468)	(731 498)
Taxation		-	(5 551)	-	-
NET CASH FROM OPERATING ACTIVITIES		5 971 433	6 396 871	5 978 008	6 513 099
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(5 460 805)	(6 626 122)	(5 450 250)	(6 593 345)
Proceeds on disposal of assets		71 372	84 203	71 208	84 028
Decrease/(increase) in long-term receivables		12 851	(32 484)	12 851	(32 484)
Increase in investments		(20 280)	(840 273)	(71 280)	(840 273)
NET CASH FROM INVESTING ACTIVITIES		(5 396 862)	(7 414 676)	(5 437 471)	(7 382 074)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of borrowings		(371 494)	(371 494)	(371 494)	(371 494)
NET CASH FROM FINANCING ACTIVITIES		(371 494)	(371 494)	(371 494)	(371 494)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		203 077	(1 389 299)	169 043	(1 240 469)
Cash and cash equivalents at the beginning of the year		8 148 319	9 537 618	8 126 100	9 366 569
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	8 351 396	8 148 319	8 295 143	8 126 100

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	Approved budget 38.1	Virements 38.2	Final budget 38.1	Actual per annual financial statements classification 38.3	Classification differences 38.4.1	Recognition differences 38.4.2	Actual per budget classification	Variance: budget and actual amounts	Actual per budget as a % of final budget amount
STATEMENT OF FINANCIAL POSITION										
Total non-current assets	38.5.1	64 054 649	-	64 013 593	63 740 495	-	-	63 740 495	273 098	99,57
Total current assets	i	16 276 040	-	16 289 233	18 501 143	-	-	18 691 468	(2 402 235)	114,75
TOTAL ASSETS		80 330 689	-	80 302 826	82 241 638	-	-	82 431 963	(2 129 137)	102,65
Total non-current liabilities		13 790 230	-	13 789 999	12 651 891	-	-	12 651 891	1 138 108	91,75
Total current liabilities	ii	9 491 394	-	9 494 909	11 301 608	-	-	11 301 608	(1 806 699)	119,03
TOTAL LIABILITIES		23 281 624	-	23 284 908	23 953 499	-	-	23 953 499	(668 591)	102,87
Total net assets		57 049 065	-	57 017 918	58 288 139	-	-	58 288 139	(1 270 221)	102,23
TOTAL NET ASSETS AND LIABILITIES		80 330 689	-	80 302 826	82 241 638	-	-	82 241 638	(1 938 812)	102,41
FINANCIAL PERFORMANCE										
Property rates	38.5.2	10 983 815	-	10 983 815	10 358 888	293 086	-	10 651 974	331 841	96,98
Service charges		22 343 043	-	22 343 043	23 562 124	(533 487)	-	23 028 637	(685 594)	103,07
Investment revenue		896 148	-	896 476	1 348 736	(369 842)	-	978 894	(82 418)	109,19
Transfers recognised - operational		6 130 727	-	6 131 536	5 806 828	13 770	-	5 820 598	310 938	94,93
Other own revenue		10 300 249	-	10 317 741	6 085 890	5 182 849	-	11 268 739	(950 998)	109,22
Total revenue (excluding capital transfers and contributions)		50 653 982	-	50 672 611	47 162 466	4 586 376	-	51 748 842	(1 076 231)	102,12
Employee costs		15 905 486	15 640	15 920 098	15 309 791	2 016	-	15 311 807	608 291	96,18
Remuneration of councillors		180 983	-	181 084	158 411	7 690	-	166 101	14 983	91,73
Debt impairment	i	2 371 700	-	2 371 700	2 745 381	(30 342)	-	2 715 039	(343 339)	114,48
Depreciation and asset impairment		3 124 571	-	3 119 472	3 065 552	30 342	-	3 095 894	23 578	99,24
Finance charges		788 704	(613)	788 091	771 626	4 996	-	776 622	11 469	98,54
Materials and bulk purchases		16 847 760	72 250	16 921 665	11 839 509	5 507 458	-	17 346 967	(425 302)	102,51
Transfers and grants	ii	569 992	(29 796)	540 196	367 358	39 484	-	406 842	133 354	75,31
Other expenditure		11 745 217	(57 481)	11 679 772	11 642 013	(779 522)	-	10 862 491	817 281	93,00
Total expenditure		51 534 413	-	51 522 078	45 899 641	4 782 122	-	50 681 763	840 315	98,37
Surplus		(880 431)	-	(849 467)	1 262 825	(195 746)	-	1 067 079	(1 916 546)	
Transfers recognised - capital		1 943 969	-	1 943 969	1 656 452	207 348	-	1 863 800	80 169	95,88
Contributions recognised - capital and contributed assets		-	-	-	14 082	(11 602)	-	2 480	(2 480)	
Surplus after capital transfers and contributions		1 063 538	-	1 094 502	2 933 359	-	-	2 933 359	(1 838 857)	

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	Approved budget 38.1	Virements 38.2	Final budget 38.1	Actual per annual financial statements classification 38.3	Classification differences 38.4.1	Recognition differences 38.4.2	Actual per budget classification	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
CASH FLOW STATEMENT										
38.5.3										
Net cash from operating	i	4 352 161	-	4 410 660	5 971 433	(48 103)	-	5 923 330	(1 512 670)	134,30
Net cash from investing	ii	(6 263 694)	-	(6 289 922)	(5 396 862)	-	-	(5 396 862)	(893 060)	85,80
Net cash from financing	iii	916 175	-	916 175	(371 494)	48 103	-	(323 391)	1 239 566	(35,30)
Net (decrease)/increase in cash and cash equivalents		(995 358)	-	(963 087)	203 077	-	-	203 077	(1 166 164)	(21,09)
Cash/cash equivalents at year-end		7 147 855	-	7 167 674	8 351 396	-	-	8 351 396	(1 183 722)	116,51
CAPITAL EXPENDITURE										
38.6										
Community Services and Health	i	298 971	-	298 971	272 443	-	(48)	272 395	(26 576)	91,11
Corporate Services	ii	435 080	-	435 080	414 998	-	(2 000)	412 998	(22 082)	94,92
Economic Growth	iii	51 116	-	51 116	88 969	-	(41 970)	46 999	(4 117)	91,95
Energy	iv	863 527	-	863 527	754 877	-	-	754 877	(108 650)	87,42
Finance		16 542	-	16 542	16 290	-	-	16 290	(252)	98,48
Future Planning and Resilience	v	46 623	-	46 623	39 103	-	-	39 103	(7 520)	83,87
Human Settlements		928 826	-	928 826	892 564	-	-	892 564	(36 262)	96,10
Office of the City Manager	vi	6 343	-	6 343	5 710	-	-	5 710	(633)	90,02
Safety and Security		199 062	-	199 062	192 797	-	-	192 797	(6 265)	96,85
Spatial Planning and Environment	vii	112 056	-	112 056	99 615	-	-	99 615	(12 441)	88,90
Urban Mobility	viii	722 772	-	722 772	651 164	-	-	651 164	(71 608)	90,09
Urban Waste Management	ix	388 298	-	388 298	499 157	-	(171 591)	327 566	(60 732)	84,36
Water and Sanitation	x	2 025 899	-	2 025 899	1 714 546	-	(432)	1 714 114	(311 785)	84,61
CTICC	xi	13 739	-	12 967	10 374	-	-	10 374	2 593	80,00
TOTAL		6 108 854	-	6 108 082	5 652 607	-	(216 041)	5 436 566	(666 330)	89,01

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	Approved budget 38.1	Virements 38.2	Final budget 38.1	Actual per annual financial statements classification 38.3	Classification differences 38.4.1	Recognition differences 38.4.2	Actual per budget classification	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
STATEMENT OF FINANCIAL POSITION										
Total non-current assets	38.5.1	63 324 319	-	63 324 319	63 475 894	-	-	63 475 894	(151 575)	100,24
Total current assets	i	16 244 681	-	16 244 681	18 389 398	-	-	18 389 398	(2 144 717)	113,20
TOTAL ASSETS		79 569 000	-	79 569 000	81 865 292	-	-	81 865 292	(2 296 292)	102,89
Total non-current liabilities		13 789 999	-	13 789 999	12 651 891	-	-	12 651 891	1 138 108	91,75
Total current liabilities	ii	9 432 885	-	9 432 885	11 192 700	-	-	11 192 700	(1 759 815)	118,66
TOTAL LIABILITIES		23 222 884	-	23 222 884	23 844 591	-	-	23 844 591	(621 707)	102,68
Total net assets		56 346 116	-	56 346 116	58 020 701	-	-	58 020 701	(1 674 585)	102,97
TOTAL NET ASSETS AND LIABILITIES		79 569 000	-	79 569 000	81 865 292	-	-	81 865 292	(2 296 292)	102,89
FINANCIAL PERFORMANCE										
Property rates	38.5.2	10 983 815	-	10 983 815	10 358 743	293 086	-	10 651 829	331 986	96,98
Service charges		22 343 043	-	22 343 043	23 561 808	(533 487)	-	23 028 321	(685 278)	103,07
Investment revenue		895 923	-	895 923	1 347 096	(369 842)	-	977 254	(81 331)	109,08
Transfers recognised - operational		6 070 243	-	6 070 243	5 806 828	13 770	-	5 820 598	249 645	95,89
Other own revenue		10 231 880	-	10 231 880	6 020 714	5 182 849	-	11 203 563	(971 683)	109,50
Total revenue (excluding capital transfers and contributions)		50 524 904	-	50 524 904	47 095 189	4 586 376	-	51 681 565	(1 156 661)	102,29
Employee costs		15 849 607	15 640	15 865 247	15 253 889	2 016	-	15 255 905	609 342	96,16
Remuneration of councillors		179 826	-	179 826	157 473	7 690	-	165 163	14 663	91,85
Debt impairment	i	2 371 700	-	2 371 700	2 873 178	(30 342)	-	2 842 836	(471 136)	119,86
Depreciation and asset impairment		3 073 473	-	3 073 473	3 026 161	30 342	-	3 056 503	16 970	99,45
Finance charges		788 704	(613)	788 091	771 626	4 996	-	776 622	11 469	98,54
Materials and bulk purchases		16 843 349	72 250	16 915 599	11 839 509	5 507 458	-	17 346 967	(431 368)	102,55
Transfers and grants	ii	561 134	(29 796)	531 338	367 358	39 484	-	406 842	124 496	76,57
Other expenditure		11 570 044	(57 481)	11 512 563	11 573 344	(779 522)	-	10 793 822	718 741	93,76
Total expenditure		51 237 837	-	51 237 837	45 862 538	4 782 122	-	50 644 660	593 177	98,84
Surplus		(712 933)	-	(712 933)	1 232 651	(195 746)	-	1 036 905	(1 749 838)	
Transfers recognised - capital		1 943 969	-	1 943 969	1 656 452	207 348	-	1 863 800	80 169	95,88
Contributions recognised - capital and contributed assets		-	-	-	14 082	(11 602)	-	2 480	(2 480)	
Surplus after capital transfers and contributions		1 231 036	-	1 231 036	2 903 185	-	-	2 903 185	(1 672 149)	

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	Note	Approved budget 37.1	Virements 37.2	Final budget 37.1	Actual per annual financial statements classification 37.3	Classification differences 37.4.1	Recognition differences 37.4.2	Actual per budget classification	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
CASH FLOW STATEMENT										
Net cash from operating	i	4 473 874	-	4 473 874	5 978 008	(48 103)	-	5 929 905	(1 456 031)	132,55
Net cash from investing	ii	(6 372 955)	-	(6 372 955)	(5 437 471)	-	-	(5 437 471)	(935 484)	85,32
Net cash from financing	iii	916 175	-	916 175	(371 494)	48 103	-	(323 391)	1 239 566	(35,30)
Net (decrease)/increase in cash and cash equivalents		(982 906)	-	(982 906)	169 043	-	-	169 043	(1 151 949)	(17,20)
Cash/cash equivalents at year end		7 143 195	-	7 143 195	8 295 143	-	-	8 295 143	(1 151 948)	116,13
CAPITAL EXPENDITURE										
Community Services and Health	i	298 971	-	298 971	272 443	-	(48)	272 395	(26 576)	91,11
Corporate Services	ii	435 080	-	435 080	414 998	-	(2 000)	412 998	(22 082)	94,92
Economic Growth	iii	51 116	-	51 116	88 969	-	(41 970)	46 999	(4 117)	91,95
Energy	iv	863 527	-	863 527	754 877	-	-	754 877	(108 650)	87,42
Finance		16 542	-	16 542	16 290	-	-	16 290	(252)	98,48
Future Planning and Resilience	v	46 623	-	46 623	39 103	-	-	39 103	(7 520)	83,87
Human Settlements		928 826	-	928 826	892 564	-	-	892 564	(36 262)	96,10
Office of the City Manager	vi	6 343	-	6 343	5 710	-	-	5 710	(633)	90,02
Safety and Security		199 062	-	199 062	192 797	-	-	192 797	(6 265)	96,85
Spatial Planning and Environment	vii	112 056	-	112 056	99 615	-	-	99 615	(12 441)	88,90
Urban Mobility	viii	722 772	-	722 772	651 164	-	-	651 164	(71 608)	90,09
Urban Waste Management	ix	388 298	-	388 298	499 157	-	(171 591)	327 566	(60 732)	84,36
Water and Sanitation	x	2 025 899	-	2 025 899	1 714 546	-	(432)	1 714 114	(311 785)	84,61
TOTAL		6 095 115	-	6 095 115	5 642 233	-	(216 041)	5 426 192	(668 923)	89,03

SEGMENT REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	2022							TOTAL CITY OF CAPE TOWN	CTICC	CTST	Atlantis SEZ	Inter-company offsetting	TOTAL ECONOMIC ENTITY	
	Water Management	Wastewater Management	Waste Management	Energy Sources	Municipal Governance and Administration	Community and Public Safety	Economic and Environmental Services							Inter Segment offsetting
STATEMENT OF FINANCIAL POSITION														
ASSETS														
Non-current assets	6 886 020	6 328 874	1 609 498	10 156 957	13 214 547	10 463 669	14 816 329	-	63 475 894	564 503	2 435	-	(302 337)	63 740 495
Current assets	971 872	286 456	643 869	1 875 158	14 159 932	373 902	78 209	-	18 389 398	277 636	24 434	-	(190 325)	18 501 143
TOTAL ASSETS	7 857 892	6 615 330	2 253 367	12 032 115	27 374 479	10 837 571	14 894 538	-	81 865 292	842 139	26 869	-	(472 662)	82 241 638
LIABILITIES														
Non-current liabilities	275 061	256 585	876 709	694 195	9 035 491	1 116 180	397 470	-	12 651 891	-	-	-	-	12 651 891
Current liabilities	2 303 253	1 911 170	193 146	2 656 335	2 004 728	941 513	1 182 555	-	11 192 700	104 232	24 434	-	(19 758)	11 301 408
TOTAL LIABILITIES	2 578 314	2 167 755	1 069 855	3 350 530	11 040 219	2 057 693	1 580 025	-	23 844 591	104 232	24 434	-	(19 758)	23 953 499
ADDITIONS TO PPE AND OTHER ASSETS	766 815	879 642	316 134	776 832	921 312	1 208 542	772 956	-	5 442 233	10 374	-	-	-	5 452 607
STATEMENT OF FINANCIAL PERFORMANCE														
REVENUE														
Exchange revenue	3 857 820	1 915 388	1 279 054	16 397 078	1 649 221	394 034	473 696	-	25 966 291	99 657	48 721	-	(81 246)	26 033 423
Service charges	3 706 425	1 833 449	1 231 322	16 285 065	80 901	56 607	332 261	-	23 526 030	17 476	12 802	-	(29 962)	23 526 346
Rental of letting stock and facilities	176	15	-	31	198 273	183 932	220	-	382 647	39 504	32 730	-	-	454 881
Finance income	136 261	49 360	33 721	30 797	981 602	4 750	11 431	-	1 247 922	1 558	82	-	-	1 249 562
Licences and permits	-	-	-	-	4	67	39 939	-	40 010	-	-	-	-	40 010
Income from agency services	-	-	-	-	248 133	13 961	-	-	262 094	-	-	-	-	262 094
Other income	9 296	32 546	13 991	79 887	104 822	77 249	89 610	-	407 401	41 119	3 107	-	(23 160)	428 467
Gains on disposal of PPE	5 662	18	20	1 298	35 486	57 468	235	-	100 187	-	-	-	(28 124)	72 063
Non-exchange revenue	1 120 408	322 250	560 026	268 750	14 999 790	4 113 507	1 414 701	-	22 799 432	-	50 022	-	(49 877)	22 799 577
Service charges	10 769	12 397	12 612	-	-	-	-	-	35 778	-	-	-	-	35 778
Finance income	-	-	-	-	99 174	-	-	-	99 174	-	-	-	-	99 174
Other income	-	-	-	-	-	300	293 085	-	293 385	-	8 107	-	(8 107)	293 385
Property rates	-	-	-	-	10 358 743	-	-	-	10 358 743	-	-	-	145	10 358 888
Fuel levy	-	-	-	-	2 608 900	-	-	-	2 608 900	-	-	-	-	2 608 900
Fines	11 835	-	89	9	1 171	1 900 548	12 438	-	1 926 090	-	-	-	-	1 926 090
Government grants and subsidies	1 097 804	309 853	547 325	268 741	1 931 538	1 923 020	1 102 968	-	7 181 249	-	-	-	-	7 181 249
Construction contracts	-	-	-	-	-	282 031	-	-	282 031	-	-	-	-	282 031
Public contributions	-	-	-	-	264	7 608	6 210	-	14 082	-	41 915	-	(41 915)	14 082
Inter-segment revenue	1 072 702	1 792 856	2 737 357	795 650	3 003 928	304 261	27 377	(9 734 131)	-	-	-	-	-	-
TOTAL REVENUE	6 050 930	4 030 474	4 576 437	17 461 478	19 652 939	4 811 802	1 915 774	(9 734 131)	48 765 723	99 657	98 743	-	(131 123)	48 833 000
EXPENDITURE	3 124 756	2 283 355	2 640 087	13 888 381	8 830 465	9 780 749	5 314 745	-	45 862 538	43 719	98 317	-	(104 933)	45 899 641
Employee-related costs	1 233 404	622 963	1 082 053	1 168 775	4 515 677	4 924 596	1 706 421	-	15 253 889	54 470	1 432	-	-	15 309 791
Remuneration of councillors	-	-	-	-	157 473	-	-	-	157 473	603	335	-	-	158 411
Impairment costs	339 371	137 868	118 274	112 660	211 011	1 942 987	11 007	-	2 873 178	(127 797)	-	-	-	2 745 381
Collection costs	2 026	821	715	-	152 804	55 351	145	-	2 111 862	-	1 370	-	-	2 113 232
Depreciation and amortisation expense	298 185	197 538	63 724	396 067	680 190	617 156	773 301	-	3 026 161	39 391	-	-	-	3 065 552
Finance costs	-	-	38 541	-	733 085	-	-	-	771 626	-	-	-	-	771 626
Bulk purchases	277 900	-	-	11 561 609	-	-	-	-	11 839 509	-	-	-	-	11 839 509
Contracted services	76 191	638 617	743 828	163 506	104 744	113 846	1 046 628	-	2 887 360	2 637	7 808	-	(350)	2 897 455
Grants and subsidies paid	27 346	-	-	775	171 696	41 915	125 626	-	367 358	-	-	-	(41 915)	325 443
General expenses	869 544	685 524	592 907	484 843	2 101 165	2 083 613	1 651 262	-	8 468 858	74 415	87 372	-	(62 668)	8 567 977
Loss on disposal of PPE	789	24	45	146	2 620	1 285	355	-	5 264	-	-	-	-	5 264
Inter-segment expenses	1 626 755	1 415 967	1 019 852	2 406 834	2 276 716	873 072	114 935	(9 734 131)	-	-	-	-	-	-
TOTAL EXPENDITURE	4 751 511	3 699 322	3 659 939	16 295 215	11 107 181	10 653 821	5 429 680	(9 734 131)	45 862 538	43 719	98 317	-	(104 933)	45 899 641
Surplus from operations	1 299 419	331 172	916 498	1 166 263	8 545 758	(5 842 019)	(3 513 906)	-	2 903 185	55 938	426	-	(26 190)	2 933 359
Share of loss in associate	-	-	-	-	-	-	-	-	-	-	-	(343)	-	(343)
Taxation	-	-	-	-	-	-	-	-	(49 600)	-	-	-	-	(49 600)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1 756)	(1 756)
NET SURPLUS FROM OPERATING	1 299 419	331 172	916 498	1 166 263	8 545 758	(5 842 019)	(3 513 906)	-	2 903 185	6 338	426	-	(24 434)	2 881 660

SEGMENT REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	2021							TOTAL CITY OF CAPE TOWN	CTICC	CTST	Inter-company offsetting	TOTAL ECONOMIC ENTITY	
	Water Management	Wastewater Management	Waste Management	Energy Sources	Municipal Governance and Administration	Community and Public Safety	Economic and Environmental Services						Inter Segment offsetting
STATEMENT OF FINANCIAL POSITION													
ASSETS													
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)	18 122 654
TOTAL ASSETS	7 256 926	5 900 125	1 939 018	11 326 680	26 710 394	10 645 411	14 901 510	-	78 480 064	774 539	6 527	(402 615)	79 058 515
LIABILITIES													
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	1 185 831	782 140	1 226 594	-	9 900 213	93 971	4 517	(7 244)	9 991 457
TOTAL LIABILITIES	2 615 224	1 964 769	668 667	2 657 892	12 114 537	1 896 320	1 645 139	-	23 362 548	93 971	4 517	(7 244)	23 453 792
ADDITIONS TO PPE AND OTHER ASSETS													
	1 108 732	970 952	306 230	739 191	963 140	1 440 009	1 138 607	-	6 466 861	20 775	-	-	6 487 636
STATEMENT OF FINANCIAL PERFORMANCE													
REVENUE													
Exchange revenue	3 454 212	1 479 825	1 247 331	14 437 428	1 516 927	296 491	443 531	-	23 075 745	52 088	4 208	(44 763)	23 087 278
Service charges	3 277 153	1 595 720	1 195 579	14 302 614	76 262	55 161	264 322	-	20 766 811	12 063	-	(22 565)	20 756 309
Rental of letting stock and facilities	192	14	-	38	151 052	178 147	132	-	329 575	19 179	4 060	-	352 814
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	-	43 914	-	-	-	43 914
Non-exchange revenue	1 100 958	407 111	458 109	256 416	14 818 345	3 126 043	1 832 836	-	21 999 818	-	72 845	(78 667)	21 993 996
Service charges	11 340	11 719	10 069	-	-	-	-	-	33 128	-	-	-	33 128
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	345	142	2 975	1 855	1 524 246	37 141	-	1 571 763	-	-	-	1 571 763
Government grants and subsidies	1 084 579	395 027	447 898	244 943	2 081 625	1 342 875	1 406 627	-	7 003 574	-	-	-	7 003 574
Construction contracts	-	-	-	-	-	250 308	-	-	250 308	-	-	-	250 308
Public contributions	-	-	-	8 498	678	8 614	118 829	-	136 619	-	65 237	(65 237)	136 619
Inter-segment revenue	2 956 676	1 483 066	2 186 084	736 278	2 488 752	171 320	428	(10 422 804)	-	-	-	-	-
TOTAL REVENUE	7 511 846	3 770 002	3 891 524	15 430 122	19 024 024	3 593 854	2 276 995	(10 422 804)	45 075 563	52 088	77 053	(123 430)	45 081 274
EXPENDITURE													
3 332 687	2 161 929	2 445 800	11 826 795	9 298 072	8 887 914	5 207 063	-	-	43 160 260	319 218	77 053	(214 443)	43 342 088
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	775	-	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	-	-	-	-	10 147 764	-	-	-	10 147 764
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	422 953	412 976	2 056 359	2 108 482	1 582 236	-	8 002 845	82 598	69 563	(61 859)	8 093 147
Loss on disposal of PPE	258	1	33	96	1 072	1 455	25	-	2 940	-	-	-	2 940
Inter-segment expenses	3 233 683	1 331 606	614 818	2 154 538	2 246 833	727 630	113 696	(10 422 804)	-	-	-	-	-
TOTAL EXPENDITURE	6 566 370	3 493 535	3 060 618	13 981 333	11 544 905	9 615 544	5 320 759	(10 422 804)	43 160 260	319 218	77 053	(214 443)	43 342 088
Surplus from operations													
	6 566 370	3 493 535	3 060 618	13 981 333	11 544 905	9 615 544	5 320 759	-	1 915 303	(267 130)	-	91 013	1 739 186
Taxation	-	-	-	-	-	-	-	-	-	12 576	-	-	12 576
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	21 615	21 615
NET SURPLUS FROM OPERATING	6 566 370	3 493 535	3 060 618	13 981 333	11 544 905	9 615 544	5 320 759	-	1 915 303	(254 554)	-	112 628	1 773 377

¹ See note 37 for more details.

SEGMENTAL REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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	Providing 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	Treating wastewater and safely disposing of it back into the environment.
Waste management	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the city's streets, public spaces, beaches and rivers.
Energy sources	Distributing electricity to residential, commercial and industrial customers in Cape Town, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.
Municipal governance and administration	All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
CTICC	Providing facilities to host conferences and conventions, with the objective of promoting Cape Town as a tourism city.
CTST	Managing and operating 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 (VAT), cash, investments, borrowings and unspent grants have not been allocated to individual segments as these are managed centrally by the finance department. Similarly, external interest relating to cash, investments or borrowings is 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 2022

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
2022				
Financial assets				
Investments	3 585 555	5 670 641	9 256 196	9 290 760
Long-term receivables	4 488	-	4 488	4 488
Contractual receivables	4 206 168	-	4 206 168	4 206 168
Cash and cash equivalents	7 195 882	1 155 514	8 351 396	8 351 396
TOTAL	14 992 093	6 826 155	21 818 248	21 852 812

Statutory assets

Receivables	2 663 718	-	2 663 718	2 663 718
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2021

Financial assets

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
TOTAL	13 992 637	7 074 086	21 066 723	21 261 098

Statutory assets

Receivables	2 863 141	-	2 863 141	2 863 141
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	CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
2022					
Financial assets					
Investments	3 585 555	5 670 641	327 935	9 584 131	9 618 695
Long-term receivables	4 488	-	-	4 488	4 488
Contractual receivables	4 152 932	-	-	4 152 932	4 152 932
Cash and cash equivalents	7 139 629	1 155 514	-	8 295 143	8 295 143
TOTAL	14 882 604	6 826 155	327 935	22 036 694	22 071 258

Statutory assets

Receivables	2 666 026	-	-	2 666 026	2 666 026
-------------	------------------	---	---	------------------	------------------

2021

Financial assets

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
TOTAL	13 910 072	7 074 086	220 435	21 204 593	21 398 968

Statutory assets

Receivables	2 865 104	-	-	2 865 104	2 865 104
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

	ECONOMIC ENTITY		
	Amortised cost	Total carrying amount	Fair value
2022			
Non-derivative financial liabilities			
Borrowings	6 647 185	6 647 185	6 768 211
Payables	5 647 990	5 647 990	5 647 990
TOTAL	12 295 175	12 295 175	12 416 201

Derivative financial liabilities			
Forward exchange contracts	54	54	54

2021			
Non-derivative financial liabilities			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 190 041	5 190 041	5 190 041
TOTAL	12 178 103	12 178 103	12 697 576

	CITY OF CAPE TOWN		
	Amortised cost	Total carrying amount	Fair value
2022			
Non-derivative financial liabilities			
Borrowings	6 647 185	6 647 185	6 768 211
Payables	5 615 706	5 615 706	5 615 706
TOTAL	12 262 891	12 262 891	12 383 917

Derivative financial liabilities			
Forward exchange contracts	54	54	54

2021			
Non-derivative financial liabilities			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 167 812	5 167 812	5 167 812
TOTAL	12 155 874	12 155 874	12 675 347

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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
2022				
Financial assets				
Investments	2 303 059	3 367 582	-	5 670 641
Cash and cash equivalents	-	1 155 514	-	1 155 514
TOTAL	2 303 059	4 523 096	-	6 826 155
Financial liabilities				
Borrowings	6 647 185	-	-	6 647 185
Derivative financial liabilities				
Forward exchange contracts	54	-	-	54
2021				
Financial assets				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
TOTAL	2 379 610	4 694 476	-	7 074 086
Financial liabilities				
Borrowings	6 988 062	-	-	6 988 062
	CITY OF CAPE TOWN			
	Level 1	Level 2	Level 3	Total
2022				
Financial assets				
Investments	2 303 059	3 367 582	-	5 670 641
Cash and cash equivalents	-	1 155 514	-	1 155 514
TOTAL	2 303 059	4 523 096	-	6 826 155
Financial liabilities				
Borrowings	6 647 185	-	-	6 647 185
Derivative financial liabilities				
Forward exchange contracts	54	-	-	54
2021				
Financial assets				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
TOTAL	2 379 610	4 694 476	-	7 074 086
Financial liabilities				
Borrowings	6 988 062	-	-	6 988 062

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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			
	Up to 1 year	1-5 years	>5 years	Total
2022				
Non-derivative financial liabilities				
Borrowings	2 099 833	5 558 160	891 404	8 549 397
Capital repayments	1 426 476	4 497 368	723 341	6 647 185
Interest	673 357	1 060 792	168 063	1 902 212
Payables	5 647 990	-	-	5 647 990
Derivative liabilities				
Forward exchange contracts	54	-	-	54
TOTAL	7 747 877	5 558 160	891 404	14 197 441

	CITY OF CAPE TOWN			
	Up to 1 year	1-5 years	>5 years	Total
2022				
Non-derivative financial liabilities				
Borrowings	2 099 833	5 558 160	891 404	8 549 397
Capital repayments	1 426 476	4 497 368	723 341	6 647 185
Interest	673 357	1 060 792	168 063	1 902 212
Payables	5 615 706	-	-	5 615 706
Derivative financial liabilities				
Forward exchange contracts	54	-	-	54
TOTAL	7 715 593	5 558 160	891 404	14 165 157

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	
	2022	2021	2022	2021
Financial assets	21 818 248	21 066 723	21 708 759	20 984 158
Investments	9 256 196	9 236 570	9 256 196	9 236 570
Long-term receivables – see note 7	4 488	8 997	4 488	8 997
Contractual receivables	4 206 168	3 672 837	4 152 932	3 612 491
Cash and cash equivalents	8 351 396	8 148 319	8 295 143	8 126 100
Statutory assets				
Receivables	2 663 718	2 863 141	2 666 026	2 865 104
TOTAL	24 481 966	23 929 864	24 374 785	23 849 262

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 2022

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 R193,88 million (2021: R338,64 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 as explained in the Accounting Policy. 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 2022 were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

	ECONOMIC ENTITY				
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
2022					
Financial assets					
Investments	4,93	4 808 767	5 465 476	137 467	10 411 710
Cash and cash equivalents	4,97	7 195 882	-	-	7 195 882
TOTAL		12 004 649	5 465 476	137 467	17 607 592
Financial liabilities					
Borrowings	10,16	1 426 476	4 497 368	723 341	6 647 185

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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	
2022					
Financial assets					
Investments	4,93	4 808 767	5 465 476	137 467	10 411 710
Cash and cash equivalents	4,97	7 139 629	-	-	7 139 629
TOTAL		11 948 396	5 465 476	137 467	17 551 339
Financial liabilities					
Borrowings	10,16	1 426 476	4 497 368	723 341	6 647 185

Sensitivity analysis

Financial assets

As at 30 June 2022, 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 R177,72 million (2021: R175,83 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 2022 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.

Sensitivity analysis

As at 30 June 2022, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have decreased by R.,63 thousand due to the changes in the carrying value of the foreign-exchange liability at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	6 491 169	(2 278 563)	4 212 606	6 127 173	(2 299 049)	3 828 124
Infrastructure	54 766 782	(17 869 128)	36 897 654	51 301 901	(16 382 599)	34 919 302
Community	5 520 732	(1 874 450)	3 646 282	5 303 314	(1 757 532)	3 545 782
Other	13 236 285	(7 369 862)	5 866 423	12 220 641	(6 865 156)	5 355 485
Living resources	1 167	(784)	383	1 225	(649)	576
Service concession	6 325 602	(3 089 834)	3 235 768	6 343 407	(2 878 784)	3 464 623
Housing rental stock	3 364 951	(1 364 750)	2 000 201	3 329 058	(1 262 209)	2 066 849
TOTAL	89 706 688	(33 847 371)	55 859 317	84 626 719	(31 445 978)	53 180 741

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depre- ciation	Impair- ment	Carrying value
As at 30 June 2022							
Land and buildings	3 828 124	131 128	239 639	(99)	(88 525)	102 339	4 212 606
Infrastructure	34 919 302	(219 688)	3 688 482	(1 333)	(1 486 188)	(2 921)	36 897 654
Community	3 545 782	(3 270)	221 549	(107)	(117 672)	-	3 646 282
Other	5 355 485	55 340	1 362 376	(26 609)	(878 161)	(2 008)	5 866 423
Living resources	576	-	-	(1)	(192)	-	383
Service concession	3 464 623	(17)	945	(4 102)	(225 681)	-	3 235 768
Housing rental stock	2 066 849	5 735	34 937	(661)	(106 659)	-	2 000 201
TOTAL	53 180 741	(30 772)	5 547 928	(32 912)	(2 903 078)	97 410	55 859 317

(See annexure B for more details.)

As at 30 June 2021							
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)	(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
TOTAL	49 577 631	(78 587)	6 557 569	(23 228)	(2 712 578)	(140 066)	53 180 741

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 052 043	(1 221 564)	3 830 479	4 686 169	(1 128 600)	3 557 569
Infrastructure	54 766 782	(17 869 128)	36 897 654	51 301 901	(16 382 599)	34 919 302
Community	5 520 732	(1 874 450)	3 646 282	5 303 314	(1 757 532)	3 545 782
Other	13 034 023	(7 217 750)	5 816 273	12 002 665	(6 710 814)	5 291 851
Living resources	1 167	(784)	383	1 225	(649)	576
Service concession	6 325 602	(3 089 834)	3 235 768	6 343 407	(2 878 784)	3 464 623
Housing rental stock	3 364 951	(1 364 750)	2 000 201	3 329 058	(1 262 209)	2 066 849
TOTAL	88 065 300	(32 638 260)	55 427 040	82 967 739	(30 121 187)	52 846 552

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depre- ciation	Impair- ment	Carrying value
As at 30 June 2022							
Land and buildings	3 557 569	131 128	234 424	(19)	(67 210)	(25 413)	3 830 479
Infrastructure	34 919 302	(219 688)	3 688 482	(1 333)	(1 486 188)	(2 921)	36 897 654
Community	3 545 782	(3 270)	221 549	(107)	(117 672)	-	3 646 282
Other	5 291 851	55 340	1 360 847	(26 545)	(863 212)	(2 008)	5 816 273
Living resources	576	-	-	(1)	(192)	-	383
Service concession	3 464 623	(17)	945	(4 102)	(225 681)	-	3 235 768
Housing rental stock	2 066 849	5 735	34 937	(661)	(106 659)	-	2 000 201
TOTAL	52 846 552	(30 772)	5 541 184	(32 768)	(2 866 814)	(30 342)	55 427 040

(See annexure B for more details.)

As at 30 June 2021							
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
TOTAL	49 082 175	(58 565)	6 538 778	(23 053)	(2 662 556)	(30 227)	52 846 552

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction

Carrying value	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Land and buildings	1 438	1 885	-	-
Infrastructure	3 526 167	3 707 170	3 526 167	3 707 170
Community	77 815	102 181	77 815	102 181
Other	457 065	387 618	457 065	387 618
TOTAL	4 062 485	4 198 854	4 061 047	4 196 969

PPE projects

Significantly delayed

Infrastructure	285 057	177 828	285 057	177 828
Other	10 627	63 942	10 627	63 942
Community	86 407	64 404	86 407	64 404
TOTAL	382 091	306 174	382 091	306 174

The significant delays in the current year mainly relate to delays in the completion of work at the Contermanskloof Reservoir worth R242,42 million, the new Hout Bay LV depot worth R33,40 million, and work done at various Informal Settlements and Housing projects worth R86,41 million.

Halted

Infrastructure	78 482	32 558	78 482	32 558
Community	8 653	35 197	8 653	35 197
TOTAL	87 135	67 755	87 135	67 755

The halted projects in the current year mainly related to contractual disputes regarding the Hout Bay depot worth R33,40 million, and shortage of supplies for the SCADA Master Station Upgrade.

Capital commitments

Approved and contracted for capital expenditure	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Infrastructure	2 562 037	1 683 033	2 562 037	1 683 033
Community	11 033	75 429	11 033	75 429
Other	80 066	53 240	79 910	51 932
TOTAL	2 653 136	1 811 702	2 652 980	1 810 394

¹ Comparative have been restated: During the detail review performed on Capital Commitments data, it was identified that capital commitments to the amount of R25,51 million was incorrectly disclosed as contractual commitments relating to PPE infrastructure instead of Investment properties. The comparative amount of PPE infrastructure were adjusted to R1,68 billion (previously reported: R1,71 billion).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Repairs and maintenance

An amount of R3,12 billion (2021: R2,69 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 37.

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R90,96 million (2021: R5,53 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Living resources

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

Non-living resources

The Entity is responsible for the following non-living resources that do not meet the definition of an asset:

- Water in dams and reservoirs. Once treated, water is disclosed as Inventory in note 8 and revenue for the sale of treated water is disclosed as service charges in note 19.
- Nature reserves, parks and the coastline. The entrance fees for these areas are not material.

Service concession assets

The Entity has made service concession arrangements with three operators on the MyCiTi integrated rapid transit (IRT) system as well as with the Cape Town Stadium (RF) SOC. Included are IRT buses, related depots and Cape Town Stadium. The City does however retain full control over the nature and extent of the services that the operators must perform.

Impairment of cash-generating assets

A value-in-use amount of R388,9 million (2021: R308,7 million) determined for the CTICC 1 and CTICC 2 buildings combined, exceeded the current carrying value of R261,2 million (2021: R418,6 million) established for the relevant assets in that cash-generating unit. This resulted in recognising an impairment reversal of R127,8 million (2021: R109,8 million impairment loss) at the reporting date.

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

- (a) The restrictions imposed on the use of the facility and site in terms of the lease agreement and the memorandum of incorporation.
- (b) 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.
- (c) 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 recovery of operations post the Covid-19 lockdown regulations has had a positive impact on the current and future cash flows from the cash-generating unit and is an indicator for a potential impairment reversal.
- (d) 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.
- (e) 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 between 6,0% and 6,5% (2021: 7%), as a result of the lower base due to the impact of the Covid-19 lockdown restrictions.
- (f) A discount rate of 14,29% (2021: 13,02%) was used. This was calculated using the risk-free rate of 10,58% (2021: 8,88%) associated with the 10-year government bond, adjusted by 3,71 (2021: 4,14) percentage points to take into account the company's long-term borrowing cost of 6,25% (2021: 7%), a beta coefficient of 0,76 (2021: 0,76), as well as a market risk premium of 6,10% (2021: 6,10%) for uncertainty regarding the timing and extent of future cash flows.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 268	-	10 268

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2022					
Paintings and museum items	10 268	-	-	-	10 268
(See annexure B for more details.)					
As at 30 June 2021					
Paintings and museum items	10 269	-	-	(1)	10 268

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

	CITY OF CAPE TOWN					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 268	-	10 268

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2022					
Paintings and museum items	10 268	-	-	-	10 268
(See annexure B for more details.)					
As at 30 June 2021					
Paintings and museum items	10 269	-	-	(1)	10 268



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(64 823)	577 820	642 643	(63 109)	579 534

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2022						
Land and buildings	579 534	-	-	(1 714)	-	577 820

(See annexure B for more details.)

As at 30 June 2021

Land and buildings	581 247	-	-	(1 713)	-	579 534
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	CITY OF CAPE TOWN					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(64 823)	577 820	642 643	(63 109)	579 534

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2022						
Land and buildings	579 534	-	-	(1 714)	-	577 820

(See annexure B for more details.)

As at 30 June 2021

Land and buildings	581 247	-	-	(1 713)	-	579 534
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Capital commitments

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Approved and contracted for capital expenditure				
Buildings	12 067	25 508	12 067	25 508
TOTAL	12 067	25 508	12 067	25 508

Comparative have been restated: During the detail review performed on Capital Commitments data, it was identified that capital commitments to the amount of R25,51 million was incorrectly disclosed as contractual commitments relating to PPE infrastructure instead of Investment properties.

Repairs and maintenance

An amount of R0,96 million (2021: R0,24 million) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(545 158)	16 283	561 441	(494 996)	66 445
Computer software	1 515 101	(904 651)	610 450	1 397 175	(834 335)	562 840
TOTAL	2 076 542	(1 449 809)	626 733	1 958 616	(1 329 331)	629 285

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
As at 30 June 2022						
Acquisition of rights	66 445	-	-	(50 162)	-	16 283
Computer software	562 840	53 566	104 679	(110 598)	(37)	610 450
TOTAL	629 285	53 566	104 679	(160 760)	(37)	626 733

(See annexure B for more details.)

As at 30 June 2021

Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	468 724	67 211	130 067	(103 162)	-	562 840
TOTAL	605 350	67 211	130 067	(173 343)	-	629 285

Included in Computer software above are Assets under construction of R5,62 million (2021: R0).

Capital commitments

Approved and contracted for capital expenditure

	2022	2021
Computer software	380	-
TOTAL	380	-

	CITY OF CAPE TOWN					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(545 158)	16 283	561 441	(494 996)	66 445
Computer software	1 504 289	(898 972)	605 317	1 382 575	(824 385)	558 190
TOTAL	2 065 730	(1 444 130)	621 600	1 944 016	(1 319 381)	624 635

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposal	Carrying value
As at 30 June 2022						
Acquisition of rights	66 445	-	-	(50 162)	-	16 283
Computer software	558 190	53 566	101 049	(107 471)	(17)	605 317
TOTAL	624 635	53 566	101 049	(157 633)	(17)	621 600

(See annexure B for more details.)

As at 30 June 2021

Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	463 052	65 632	128 083	(98 577)	-	558 190
TOTAL	599 678	65 632	128 083	(168 758)	-	624 635

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

6. INVESTMENTS

ECONOMIC ENTITY			
	Amortised cost	Fair value	Total
As at 30 June 2022			
RSA Government stock	52 730	-	52 730
Guaranteed investment instruments	3 404 010	-	3 404 010
Other fixed deposits	7 015 967	-	7 015 967
Deposits held with fund managers	-	6 826 155	6 826 155
Net investments	10 472 707	6 826 155	17 298 862
Transferred to current investments	(128 816)	(2 617 391)	(2 746 207)
Transferred to cash and cash equivalents - see note 10	(6 887 152)	(1 155 514)	(8 042 666)
TOTAL	3 456 739	3 053 250	6 509 989
As at 30 June 2021			
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
Net investments	10 093 558	7 074 086	17 167 644
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)
TOTAL	3 124 402	3 228 299	6 352 701

CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2022				
RSA Government stock	52 730	-	-	52 730
Guaranteed investment instruments	3 404 010	-	-	3 404 010
Other fixed deposits	6 966 988	-	-	6 966 988
Deposits held with fund managers	-	6 826 155	-	6 826 155
Shares in: Atlantis SEZ Company SOC Ltd	-	-	56 500	56 500
CTICC	-	-	884 998	884 998
	10 423 728	6 826 155	941 498	18 191 381
Provision for impairment	-	-	(613 563)	(613 563)
Net investments	10 423 728	6 826 155	327 935	17 577 818
Transferred to current investments	(128 816)	(2 617 391)	-	(2 746 207)
Transferred to cash and cash equivalents – see note 10	(6 838 173)	(1 155 514)	-	(7 993 687)
TOTAL	3 456 739	3 053 250	327 935	6 837 924
As at 30 June 2021				
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)
Net investments	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)
TOTAL	3 124 402	3 228 299	220 435	6 573 136

Guaranteed investment instruments

A total of R3,40 billion (2021: R3,07 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 R52,73 million (2021: R53,35 million) and cash backed guarantees of R128,81 million (2021: R101,57 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Exchange transactions				
Other	36 518	36 664	36 518	36 664
Provision for impairment	(36 210)	(36 263)	(36 210)	(36 263)
	308	401	308	401
Housing selling developments	7 074	14 537	7 074	14 537
Provision for impairment	(2 894)	(5 941)	(2 894)	(5 941)
	4 180	8 596	4 180	8 596
Payments made in advance	-	5 242	-	5 242
Transferred to current receivables	4 488	14 239	4 488	14 239
	(3 246)	(7 600)	(3 246)	(7 600)
TOTAL	1 242	6 639	1 242	6 639

Reconciliation of impairment provision

Balance at beginning of the year	42 204	3 819	42 204	3 819
Contribution (from)/to provisions	(3 100)	38 385	(3 100)	38 385
Balance as at 30 June	39 104	42 204	39 104	42 204

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 to 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 currently in a dispute with a service provider regarding an 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 7,25% (2021: 7%) 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 were paid to Eskom for infrastructure relating to housing developments. The deposits were reclassified to current assets and will be refunded upon completion of the projects during June 2023.

8. INVENTORY

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Consumable stock	299 821	305 727	297 852	303 638
Water	47 763	49 730	47 763	49 730
Other goods held for use/resale	84 608	113 697	84 608	113 697
TOTAL	432 192	469 154	430 223	467 065

Inventory to the value of R0,792 million (2021: R0,107 million) was scrapped during the year, and R983,08 million (2021: R588,72 million) was expensed.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS						
Statutory	6 273 704	(3 590 442)	2 683 262	5 761 187	(2 875 337)	2 885 850
	6 254 160	(3 590 442)	2 663 718	5 738 478	(2 875 337)	2 863 141
Property rates debtors	3 176 281	(997 620)	2 178 661	3 198 947	(974 445)	2 224 502
CID property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Government subsidies	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
Contractual	19 544	-	19 544	22 709	-	22 709
Other receivables	19 544	-	19 544	22 709	-	22 709
FROM EXCHANGE TRANSACTIONS	8 746 083	(4 467 115)	4 278 968	8 204 127	(4 476 928)	3 727 199
Contractual	8 746 083	(4 467 115)	4 278 968	8 204 127	(4 476 928)	3 727 199
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Water	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Other receivables	621 016	(190 321)	430 695	548 950	(163 919)	384 367
Payments made in advance	92 344	-	92 344	77 071	-	77 071
TOTAL	15 019 787	(8 057 557)	6 962 230	13 965 314	(7 352 265)	6 613 049

As at 30 June 2022, the receivables balance included an amount of R133,22 million (2021: R132,86 million) owed by National Government and Province.

RECONCILIATION OF IMPAIRMENT PROVISION

	Non-exchange statutory	Exchange contractual	TOTAL
2022			
Balance at beginning of the year	2 875 337	4 476 928	7 352 265
Contributions to provisions	1 966 730	886 083	2 852 813
Transfers from provisions	(7 807)	-	(7 807)
Bad debts written off	(1 243 818)	(895 896)	(2 139 714)
Balance as at 30 June	3 590 442	4 467 115	8 057 557
2021			
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)
Balance as at 30 June	2 875 337	4 476 928	7 352 265

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM NON-EXCHANGE TRANSACTIONS

ECONOMIC ENTITY - continued						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory						
Property rates debtors	3 176 281	(997 620)	2 178 661	3 198 947	(974 445)	2 224 502
Not past due date	1 394 709	-	1 394 709	1 797 540	-	1 797 540
Past due						
0-90	435 721	(5 467)	430 254	154 314	(3 493)	150 821
91-180	197 406	(32 522)	164 884	206 022	(30 461)	175 561
181-365	299 673	(113 334)	186 339	227 356	(96 508)	130 848
365+	848 772	(846 297)	2 475	813 715	(843 983)	(30 268)
CIDs property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Not past due date	37 840	(864)	36 976	32 498	(584)	31 914
Past due						
0-90	15 564	(356)	15 208	13 756	(247)	13 509
91-180	4 963	(113)	4 850	6 427	(115)	6 312
181-365	12 659	(289)	12 370	7 956	(143)	7 813
365+	9 608	(9 608)	-	9 155	(9 155)	-
Government subsidies	167 267	-	167 267	216 555	-	216 555
Not past due date	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
Past due						
0-90	410 436	(358 772)	51 664	451 556	(378 901)	72 655
91-180	346 626	(302 995)	43 631	392 369	(329 237)	63 132
181-365	566 150	(494 886)	71 264	541 073	(454 015)	87 058
365+	1 506 766	(1 424 939)	81 827	868 186	(728 495)	139 691
	6 254 160	(3 590 442)	2 663 718	5 738 478	(2 875 337)	2 863 141
Contractual						
Other receivables	19 544	-	19 544	22 709	-	22 709
Not past due date	19 544	-	19 544	22 709	-	22 709
	19 544	-	19 544	22 709	-	22 709
TOTAL	6 273 704	(3 590 442)	2 683 262	5 761 187	(2 875 337)	2 885 850

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS

ECONOMIC ENTITY - continued						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Contractual						
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Not past due date	1 200 729	-	1 200 729	1 008 624	-	1 008 624
Past due						
0-90	369 506	(2 120)	367 386	351 640	(1 343)	350 297
91-180	274 683	(52 739)	221 944	99 712	(10 164)	89 548
181-365	126 901	(50 711)	76 190	122 796	(44 873)	77 923
365+	392 420	(383 457)	8 963	380 722	(370 550)	10 172
Water	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Not past due date	359 656	-	359 656	318 883	-	318 883
Past due						
0-90	303 444	(22 675)	280 769	242 117	(18 942)	223 175
91-180	204 718	(74 611)	130 107	167 847	(58 914)	108 933
181-365	300 718	(160 039)	140 679	289 863	(154 268)	135 595
365+	1 423 000	(1 410 206)	12 794	1 534 234	(1 507 375)	26 859
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Not past due date	298 780	-	298 780	253 004	-	253 004
Past due						
0-90	216 606	(8 502)	208 104	191 491	(6 342)	185 149
91-180	77 948	(26 493)	51 455	73 995	(22 996)	50 999
181-365	114 679	(59 848)	54 831	123 692	(62 511)	61 181
365+	540 822	(535 491)	5 331	546 690	(537 340)	9 350
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Not past due date	119 521	-	119 521	106 169	-	106 169
Past due						
0-90	79 308	(6 671)	72 637	74 419	(7 062)	67 357
91-180	49 004	(17 929)	31 075	51 680	(17 780)	33 900
181-365	81 628	(43 584)	38 044	90 675	(48 220)	42 455
365+	390 151	(385 263)	4 888	511 660	(491 531)	20 129
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Not past due date	29 147	(22 020)	7 127	85 008	(61 197)	23 811
Past due						
0-90	70 392	(53 181)	17 211	63 015	(45 365)	17 650
91-180	39 551	(29 881)	9 670	38 348	(27 607)	10 741
181-365	101 375	(76 589)	24 786	69 535	(50 058)	19 477
365+	650 496	(650 496)	-	573 208	(573 208)	-
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Not past due date	359	(157)	202	361	(155)	206
Past due						
0-90	11 193	(4 859)	6 334	13 147	(5 649)	7 498
91-180	3 819	(1 514)	2 305	3 222	(1 385)	1 837
181-365	7 285	(2 874)	4 411	8 484	(3 645)	4 839
365+	194 884	(194 884)	-	183 865	(183 865)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (continued)

	ECONOMIC ENTITY - continued					
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Contractual (continued)						
Other receivables	621 016	(190 321)	430 695	548 950	(164 583)	384 367
Not past due date	327 318	1 760	329 078	301 945	(2 472)	299 473
Past due						
0-90	54 773	(3 812)	50 961	39 434	(3 337)	36 097
91-180	26 214	(2 798)	23 416	20 201	(2 769)	17 432
181-365	32 306	(8 635)	23 671	34 912	(7 057)	27 855
365+	180 405	(176 836)	3 569	152 458	(148 948)	3 510
Payments made in advance	92 344	-	92 344	77 071	-	77 071
Not past due date	92 344	-	92 344	77 071	-	77 071
TOTAL	8 746 083	(4 467 115)	4 278 968	8 204 127	(4 476 928)	3 727 199
TOTAL RECEIVABLES	15 019 787	(8 057 557)	6 962 230	13 965 314	(7 352 265)	6 613 049

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.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	6 276 012	(3 590 442)	2 685 570	5 758 766	(2 875 337)	2 883 429
Statutory	6 256 468	(3 590 442)	2 666 026	5 740 441	(2 875 337)	2 865 104
Property rates debtors	3 178 589	(997 620)	2 180 969	3 200 910	(974 445)	2 226 465
CIDs property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Government subsidies	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
Contractual	19 544	-	19 544	18 325	-	18 325
Other receivables	19 544	-	19 544	18 325	-	18 325
FROM EXCHANGE TRANSACTIONS	8 689 561	(4 466 503)	4 223 058	8 147 501	(4 476 264)	3 671 237
Contractual	8 689 561	(4 466 503)	4 223 058	8 147 501	(4 476 264)	3 671 237
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Water management	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Other receivables	567 168	(189 709)	377 459	492 324	(163 919)	328 405
Payments made in advance	89 670	-	89 670	77 071	-	77 071
TOTAL	14 965 573	(8 056 945)	6 908 628	13 906 267	(7 351 601)	6 554 666

RECONCILIATION OF IMPAIRMENT PROVISION

2022

Balance at beginning of the year
 Contributions to provisions
 Transfers from provisions
 Bad debts written off
Balance as at 30 June

Non-exchange statutory	Exchange contractual	TOTAL
2 875 337	4 476 264	7 351 601
1 966 730	886 135	2 852 865
(7 807)	-	(7 807)
(1 243 818)	(895 896)	(2 139 714)
3 590 442	4 466 503	8 056 945

2021

Balance at beginning of the year
 Contributions to provisions
 Transfers from provisions
 Bad debts written off
Balance as at 30 June

2 851 221	4 928 128	7 779 349
1 730 049	1 092 879	2 822 928
(4 327)	-	(4 327)
(1 701 606)	(1 544 743)	(3 246 349)
2 875 337	4 476 264	7 351 601

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM NON-EXCHANGE TRANSACTIONS

CITY OF CAPE TOWN - continued						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory						
Property rates debtors	3 178 589	(997 620)	2 180 969	3 200 910	(974 445)	2 226 465
Not past due date	1 397 017	-	1 397 017	1 799 503	-	1 799 503
Past due						
0-90	435 721	(5 467)	430 254	154 314	(3 493)	150 821
91-180	197 406	(32 522)	164 884	206 022	(30 461)	175 561
181-365	299 673	(113 334)	186 339	227 356	(96 508)	130 848
365+	848 772	(846 297)	2 475	813 715	(843 983)	(30 268)
CIDs property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Not past due date	37 840	(864)	36 976	32 498	(584)	31 914
Past due						
0-90	15 564	(356)	15 208	13 756	(247)	13 509
91-180	4 963	(113)	4 850	6 427	(115)	6 312
181-365	12 659	(289)	12 370	7 956	(143)	7 813
365+	9 608	(9 608)	-	9 155	(9 155)	-
Government subsidies	167 267	-	167 267	216 555	-	216 555
Not past due date	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
Past due						
0-90	410 436	(358 772)	51 664	451 556	(378 901)	72 655
91-180	346 626	(302 995)	43 631	392 369	(329 237)	63 132
181-365	566 150	(494 886)	71 264	541 073	(454 015)	87 058
365+	1 506 766	(1 424 939)	81 827	868 186	(728 495)	139 691
	6 256 468	(3 590 442)	2 666 026	5 740 441	(2 875 337)	2 865 104
Contractual						
Other receivables	19 544	-	19 544	18 325	-	18 325
Not past due date	19 544	-	19 544	18 325	-	18 325
	19 544	-	19 544	18 325	-	18 325
TOTAL	6 276 012	(3 590 442)	2 685 570	5 758 766	(2 875 337)	2 883 429

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS

CITY OF CAPE TOWN - continued						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Contractual						
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Not past due date	1 200 729	-	1 200 729	1 008 624	-	1 008 624
Past due						
0-90	369 506	(2 120)	367 386	351 640	(1 343)	350 297
91-180	274 683	(52 739)	221 944	99 712	(10 164)	89 548
181-365	126 901	(50 711)	76 190	122 796	(44 873)	77 923
365+	392 420	(383 457)	8 963	380 722	(370 550)	10 172
Water management	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Not past due date	359 656	-	359 656	318 883	-	318 883
Past due						
0-90	303 444	(22 675)	280 769	242 117	(18 942)	223 175
91-180	204 718	(74 611)	130 107	167 847	(58 914)	108 933
181-365	300 718	(160 039)	140 679	289 863	(154 268)	135 595
365+	1 423 000	(1 410 206)	12 794	1 534 234	(1 507 375)	26 859
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Not past due date	298 780	-	298 780	253 004	-	253 004
Past due						
0-90	216 606	(8 502)	208 104	191 491	(6 342)	185 149
91-180	77 948	(26 493)	51 455	73 995	(22 996)	50 999
181-365	114 679	(59 848)	54 831	123 692	(62 511)	61 181
365+	540 822	(535 491)	5 331	546 690	(537 340)	9 350
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Not past due date	119 521	-	119 521	106 169	-	106 169
Past due						
0-90	79 308	(6 671)	72 637	74 419	(7 062)	67 357
91-180	49 004	(17 929)	31 075	51 680	(17 780)	33 900
181-365	81 628	(43 584)	38 044	90 675	(48 220)	42 455
365+	390 151	(385 263)	4 888	511 660	(491 531)	20 129
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Not past due date	29 147	(22 020)	7 127	85 008	(61 197)	23 811
Past due						
0-90	70 392	(53 181)	17 211	63 015	(45 365)	17 650
91-180	39 551	(29 881)	9 670	38 348	(27 607)	10 741
181-365	101 375	(76 589)	24 786	69 535	(50 058)	19 477
365+	650 496	(650 496)	-	573 208	(573 208)	-
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Not past due date	359	(157)	202	361	(155)	206
Past due						
0-90	11 193	(4 859)	6 334	13 147	(5 649)	7 498
91-180	3 819	(1 514)	2 305	3 222	(1 385)	1 837
181-365	7 285	(2 874)	4 411	8 484	(3 645)	4 839
365+	194 884	(194 884)	-	183 865	(183 865)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (continued)

CITY OF CAPE TOWN - continued						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Contractual (continued)						
Other receivables	567 168	(189 709)	377 459	492 324	(163 919)	328 405
Not past due date	284 647	2 372	287 019	245 435	(1 808)	243 627
Past due						
0-90	50 791	(3 812)	46 979	39 434	(3 337)	36 097
91-180	19 019	(2 798)	16 221	20 085	(2 769)	17 316
181-365	32 306	(8 635)	23 671	34 912	(7 057)	27 855
365+	180 405	(176 836)	3 569	152 458	(148 948)	3 510
Payments made in advance	89 670	-	89 670	77 071	-	77 071
Not past due date	89 670	-	89 670	77 071	-	77 071
TOTAL	8 689 561	(4 466 503)	4 223 058	8 147 501	(4 476 264)	3 671 237
TOTAL RECEIVABLES	14 965 573	(8 056 945)	6 908 628	13 906 267	(7 351 601)	6 554 666

10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

Amortised cost

Bank balance ¹
 Year-end accruals
 Cash on hand and in transit
 Call and short-term deposits – see note 6

Fair value – see note 6

Call and short-term deposits
 Bank accounts managed by fund managers ¹

TOTAL

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
	7 195 882	7 084 826	7 139 629	7 062 607
	282 925	196 536	275 930	195 135
	37	(110)	37	(110)
	25 768	20 819	25 489	20 582
	6 887 152	6 867 581	6 838 173	6 847 000
	1 155 514	1 063 493	1 155 514	1 063 493
	1 124 153	1 053 506	1 124 153	1 053 506
	31 361	9 987	31 361	9 987
TOTAL	8 351 396	8 148 319	8 295 143	8 126 100

¹ See annexure C for more details.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
11. BORROWINGS				
Marketable bonds	4 850 239	4 954 428	4 850 239	4 954 428
Concessionary loans	1 783 612	1 993 634	1 783 612	1 993 634
Other loans	13 334	40 000	13 334	40 000
Subtotal – see annexure A for more details	6 647 185	6 988 062	6 647 185	6 988 062
Transferred to current liabilities	(1 426 476)	(440 239)	(1 426 476)	(440 239)
TOTAL	5 220 709	6 547 823	5 220 709	6 547 823

A total of R3,40 billion (2021: R3,07 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6.

	4 850 239	4 954 428	4 850 239	4 954 428
MARKETABLE BONDS	4 850 239	4 954 428	4 850 239	4 954 428
Marketable bonds	4 850 239	4 954 428	4 850 239	4 954 428
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,85 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).				
CONCESSIONARY LOANS	1 783 612	1 993 634	1 783 612	1 993 634
Agence Française de Développement (AFD)	894 256	1 031 116	894 256	1 031 116
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 2022 was R954 million (2021: R1,11 billion).				
KfW Development Bank	889 356	962 518	889 356	962 518
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 2022 was R987 million (2021: R1,07 billion).				
OTHER LOANS	13 334	40 000	13 334	40 000
DBSA	13 334	40 000	13 334	40 000
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.				
TOTAL – see annexure A for more details	6 647 185	6 988 062	6 647 185	6 988 062

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 H 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 2021.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 R1,51 billion (2021: R1,46 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 as at 30 June 2020, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. An interim valuation was performed at 30 June 2021, which indicated a R69,4 million surplus based on funding basis valuation with an overall funding level of 104,9% for the DB section and pensioners account respectively at year-end.

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

The fund is a DB plan and according to its 1 July 2021 last statutory valuation revealed a deficit of R2,08 million and a funding level of 85,5%. The fund has deteriorated since its 1 July 2018 statutory valuation, which indicated a deficit of R601,2 million and the fund was 96% funded prior to the approval of a scheme of arrangement (SOA) being entered into between the fund and all participating employers. The SOA requests that all participating employers contribute an additional 2% per annum over the next five to six years to restore the fund to financial soundness. Due to the further deterioration as a result of poor investment returns experienced over the valuation period, the fund is required under section 18 of the Pension Funds Act to submit an updated SOA to Financial sector conduct authority (FSCA) to outline how the funding position will be addressed and restored.

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 as at 30 June 2021, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	153	9 540	9 693
Pensioners	2 178	2 449	4 627
Membership as at 30 June 2021	2 331	11 989	14 320

	2021 R'million	2020 R'million
Past-service position: DC section	14 453	12 090
DB section	3 524	3 380
Total liabilities	17 977	15 470
Assets valued at market value	18 193	15 595
Actuarial surplus ¹	210	125

¹ The actuarial surplus is mainly attributable to the DB in-service members, and is not refundable to the employer.

Key financial assumptions	2022 %	2021 %
Actual employer contribution: DC section	18,00	18,00
DB section	20,25	20,25
Net discount rate: Pre-retirement	2,30	2,04
Post-retirement	3,30	4,04
Normal retirement age	65 years	65 years

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

13. PROVISIONS

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	360 549	120 897	481 446	237 146	79 286	316 432
Long-service leave benefits	680 665	151 391	832 056	713 938	81 383	795 321
Post-retirement healthcare benefits	6 375 396	307 476	6 682 872	6 129 623	290 989	6 420 612
Other provisions	14 572	1 112 494	1 127 066	33 805	1 121 013	1 154 818
TOTAL	7 431 182	1 692 258	9 123 440	7 114 512	1 572 671	8 687 183

MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	316 432	795 321	6 420 612	1 154 818	8 687 183
Service cost	-	64 338	81 991	368	146 697
Interest cost	38 542	82 579	661 375	1 622	784 118
Payments/utilised	-	(75 802)	(312 804)	(171 283)	(559 889)
Additional provision raised	-	-	-	1 217 401	1 217 401
Reversals	-	-	-	(1 096 589)	(1 096 589)
Actuarial gains	-	(34 380)	(168 302)	(1 315)	(203 997)
Remeasurement	126 472	-	-	22 044	148 516
TOTAL	481 446	832 056	6 682 872	1 127 066	9 123 440

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	360 549	120 897	481 446	237 146	79 286	316 432
Long-service benefits	680 665	151 391	832 056	713 938	81 383	795 321
Post-retirement healthcare benefits	6 375 396	307 476	6 682 872	6 129 623	290 989	6 420 612
Leave and other provisions	14 572	1 112 494	1 127 066	33 805	1 121 013	1 154 818
TOTAL	7 431 182	1 692 258	9 123 440	7 114 512	1 572 671	8 687 183

MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	316 432	795 321	6 420 612	1 154 818	8 687 183
Service cost	-	64 338	81 991	368	146 697
Interest cost	38 542	82 579	661 375	1 622	784 118
Payments/utilised	-	(75 802)	(312 804)	(171 283)	(559 889)
Additional provision raised	-	-	-	1 217 401	1 217 401
Reversed	-	-	-	(1 096 589)	(1 096 589)
Actuarial gains	-	(34 380)	(168 302)	(1 315)	(203 997)
Remeasurements	126 472	-	-	22 044	148 516
TOTAL	481 446	832 056	6 682 872	1 127 066	9 123 440

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

13. PROVISIONS (continued)

13.1 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 provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2022.

Key cost parameters	2022	2021
Estimated dates of reaching full capacity	Between 2018 and 2041	Between 2018 and 2039
Estimated post closure rehabilitation time	4 years	4 years
Period for monitoring post closure	30 years	30 years
Average estimated annual inflation rate	5,5%	4,17%
Discount rate at the average borrowing rate	11,88%	12,18%

13.2 LONG-SERVICE BENEFITS

An actuarial valuation that has been performed of the Entity's liability for vested long-service 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 used were as supplied by the JSE to determine the discount rates and consumer price index (CPI) assumptions for the respective periods.

Key cost parameters	2022	2021
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and real-yield curves	Difference between nominal and real yield curve
Salary increase	Equal to CPI + 1%	Equal to CPI + 1%

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 2022 constituted 5 501 (2021: 6 127) in-service members and 6 976 (2021: 6 920) 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.

Discount rate

The fund benefit liability to the Entity as at 30 June 2022 has been discounted at a rate determined on the basis of the nominal and real zero curves as supplied by the JSE.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

13. PROVISIONS (continued)

13.3 POST-RETIREMENT HEALTHCARE DEFINED BENEFITS (continued)

Key financial assumptions	2022	2021
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and real-yield curves	Difference between nominal and real yield curve
Healthcare cost inflation rate	CPI + 2%	CPI + 2%

Sensitivity analysis	Change in assumption	Liability	Interest costs	Service costs
Assumptions used		6 682 872	774 564	79 452
Healthcare inflation	1% decrease	5 984 347	691 454	67 459
	1% increase	7 508 299	872 802	94 123
Post-retirement mortality	20% decrease	7 314 826	849 581	714 755
	20% increase	6 179 094	87 380	73 009

13.4 OTHER PROVISIONS

Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision of R1,02 billion (2021: R1,05 billion) 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.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
14. DEPOSITS				
Services deposits	465 467	417 764	465 467	417 764
Rental and other deposits	99 035	90 488	22 411	22 011
TOTAL	564 502	508 252	487 878	439 775

Comparative restated: Rental deposits have been reclassified from the services deposits category.

15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other creditors	5 619 789	5 162 103	5 587 505	5 139 874
Payments received in advance	1 192 398	1 076 506	1 192 398	1 076 506
Funds administrated on behalf of third parties	28 201	27 938	28 201	27 938
TOTAL	6 840 388	6 266 547	6 808 104	6 244 318

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 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS				
Conditional grants from other spheres of government	758 068	1 096 154	758 068	1 096 154
National Government	501 701	688 244	501 701	688 244
Province	256 367	407 910	256 367	407 910
Other conditional receipts	19 916	20 676	19 916	20 676
Public contributions	19 916	20 676	19 916	20 676
TOTAL	777 984	1 116 830	777 984	1 116 830

Comparative restated – see note 37 for more details

Public Transport Network Grant (PTNG)

The PTNG allocation was reduced by R1,34 billion as per the Division of Revenue Bill (B19-2021) to align to the City's revised implementation plan of the MyCiti Phase 2A project. As a result of this reduction, the second tranche payment of R462,30 million, scheduled to be received on 25 November 2021, could not be transferred as it would have exceeded the total revised allocation. The balance of the revised allocation of R175,08 million was re-scheduled for transfer during March 2022 and received timeously.

Informal Settlements Upgrading Partnership Grant (ISUPG)

The third tranche of the ISUPG allocation of R253,3 million, scheduled to be received on 24 February 2022, was withheld due to underspending. The City submitted the motivation and reports requested by National Treasury in its notice to withhold funds, and consequently received the full third tranche in March 2022.

See notes 23, 24, 25 and annexure D for more details of grants from National Government and Province, as well as public contributions.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
17. VALUE-ADDED TAX (VAT)				
VAT payable	466 419	527 034	463 353	525 665
Impairment adjustment	(48 428)	(41 499)	(48 428)	(41 499)
Total VAT payable	417 991	485 535	414 925	484 166
VAT receivable	(423 200)	(398 617)	(420 876)	(397 786)
TOTAL	(5 209)	86 918	(5 951)	86 380

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 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
18. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	412 608	443 563	412 608	443 563
Income	16 666	19 948	16 666	19 948
Interest	14 789	15 884	14 789	15 884
Expenditure	(132 322)	(66 787)	(132 322)	(66 787)
Balance at end of the year	311 741	412 608	311 741	412 608
Unrealised housing proceeds				
Balance at beginning of the year	8 595	19 647	8 595	19 647
Long-term loans realised	(7 516)	(8 773)	(7 516)	(8 773)
Transfer to impairment provision – selling schemes	-	(2 279)	-	(2 279)
Balance at end of the year	1 079	8 595	1 079	8 595
TOTAL	312 820	421 203	312 820	421 203

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

19. SERVICE CHARGES

Exchange transactions

Electricity	23 526 346	20 756 309	23 526 030	20 766 811
Water management	16 171 157	14 216 870	16 193 383	14 235 170
Wastewater management	3 613 164	3 185 532	3 615 866	3 187 685
Waste management	1 820 280	1 583 924	1 820 280	1 583 924
ICASA ECNS licence	1 089 715	1 049 104	1 090 065	1 049 442
Other	27 748	25 288	27 748	25 288
	804 282	695 591	778 688	685 302

Non-exchange transactions

Water management	35 778	33 128	35 778	33 128
Wastewater management	10 773	11 340	10 773	11 340
Waste management	12 393	11 719	12 393	11 719
	12 612	10 069	12 612	10 069

TOTAL

23 562 124 20 789 437 23 561 808 20 799 939

Comparative restated – see note 37 for more details.

20. FINANCE INCOME

Exchange transactions

External investments	1 249 562	1 221 202	1 247 922	1 217 275
Outstanding debtors	1 014 995	941 653	1 013 355	937 726
Transferred interest to conditional grants	270 668	320 734	270 668	320 734
	(36 101)	(41 185)	(36 101)	(41 185)

Non-exchange transactions

Outstanding debtors	99 174	134 185	99 174	134 185
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TOTAL

1 348 736 1 355 387 1 347 096 1 351 460

21. OTHER INCOME

Exchange transactions

Development contributions	428 467	383 048	407 401	388 179
Other income	209 516	255 090	209 516	255 090
Gains on foreign-exchange transactions	207 150	121 248	186 084	126 379
Fair-value adjustments	33	336	33	336
	11 768	6 374	11 768	6 374

Non-exchange transactions

CIDs	293 385	270 239	293 385	270 239
Arbor City awards	293 085	270 239	293 085	270 239
	300	-	300	-

TOTAL

721 852 653 287 700 786 658 418

The City received services in kind to an estimated value of R16,13 million (2021: R11,52 million) in the form of volunteers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
22. PROPERTY RATES				
Actual				
Residential, commercial and other	11 720 367	11 276 871	11 720 222	11 282 693
Income forgone	(1 361 479)	(1 277 662)	(1 361 479)	(1 277 662)
TOTAL	10 358 888	9 999 209	10 358 743	10 005 031

Valuations per category

	2022	2021	2022	2021
Agriculture	9 029 783	8 842 435	9 029 783	8 842 435
Business and commercial	274 256 982	266 217 147	274 256 982	266 217 147
Industrial	91 031 019	90 667 953	91 031 019	90 667 953
Mining	241 537	258 108	241 537	258 108
Multiple-purpose	2 869 784	5 791 480	2 869 784	5 791 480
Organ of state (public service purposes)	35 475 085	37 552 525	35 475 085	37 552 525
Public benefit organisation	6 121 928	4 674 173	6 121 928	4 674 173
Public service infrastructure	15 527 609	12 582 925	15 527 609	12 582 925
Residential	1 187 745 657	1 176 512 842	1 187 745 657	1 176 512 842
Vacant land	34 650 174	37 861 339	34 650 174	37 861 339
Place of Worship	138 005	15 701 560	138 005	15 701 560
Cemeteries and crematoria; animal shelters; local community museum; nature conservation land	525 116		525 116	
Properties owned by not for profit organisations	1 109 198		1 109 198	
TOTAL valuation at commencement of financial year	1 658 721 877	1 656 662 487	1 658 721 877	1 656 662 487

The latest general valuation roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2023. It is based on market-related values as at 2 July 2018 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	
	2022	2021	2022	2021
23. GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional grants	3 668 769	3 500 827	3 668 769	3 500 827
Conditional grants	3 794 511	3 753 055	3 794 511	3 753 055
National Government	2 666 793	2 690 138	2 666 793	2 690 138
Province	1 127 718	1 062 917	1 127 718	1 062 917
Total grants	7 463 280	7 253 882	7 463 280	7 253 882
Housing construction revenue	(282 031)	(250 308)	(282 031)	(250 308)
TOTAL	7 181 249	7 003 574	7 181 249	7 003 574
Analysis of government grants and subsidies				
Operating	5 806 828	5 635 745	5 806 828	5 635 745
Capital	1 656 452	1 618 137	1 656 452	1 618 137
TOTAL	7 463 280	7 253 882	7 463 280	7 253 882

Comparative restated – see note 37 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

24. CONSTRUCTION CONTRACTS

HOUSING CONTRACTS

The following are the revenue and expenses for the year ended:

	ECONOMIC ENTITY			
	2022		2021	
	Revenue	Expenses	Revenue	Expenses
Emergency Housing Programme	12 343	12 343	54 619	54 619
Enhanced People's Housing Process	161 742	161 742	133 280	133 280
Integrated Residential Development Programme	107 946	107 946	62 409	62 409
TOTAL	282 031	282 031	250 308	250 308

In progress

	Debtors outstanding	Advances received	Retentions
As at 30 June 2022			
Emergency Housing Programme	12 058	(3 709)	-
Enhanced People's Housing Process	-	(49 793)	(5 788)
Integrated Residential Development Programme	117 038	(31 764)	-
Community Rental Units Programme	-	(234)	-
TOTAL	129 096	(85 500)	(5 788)
As at 30 June 2021			
Emergency Housing Programme	-	(3 868)	-
Enhanced People's Housing Process	-	(65 701)	-
Integrated Residential Development Programme	112 390	(37 275)	(2 115)
Community Rental Units Programme	-	(234)	-
Social Housing Programme	125	(214)	-
TOTAL	112 515	(107 292)	(2 115)

Comparative restated – see note 37 for more details.

	CITY OF CAPE TOWN			
	2022		2021	
	Revenue	Expenses	Revenue	Expenses
Emergency Housing Programme	12 343	12 343	54 619	54 619
Enhanced People's Housing Process	161 742	161 742	133 280	133 280
Integrated Residential Development Programme	107 946	107 946	62 409	62 409
TOTAL	282 031	282 031	250 308	250 308

In progress

	Debtors outstanding	Advances received	Retentions
As at 30 June 2022			
Emergency Housing Programme	12 058	(3 709)	-
Enhanced People's Housing Process	-	(49 793)	(5 788)
Integrated Residential Development Programme	117 038	(31 764)	-
Community Rental Units Programme	-	(234)	-
TOTAL	129 096	(85 500)	(5 788)
As at 30 June 2021			
Emergency Housing Programme	-	(3 868)	-
Enhanced People's Housing Process	-	(65 701)	-
Integrated Residential Development Programme	112 390	(37 275)	(2 115)
Community Rental Units Programme	-	(234)	-
Social Housing Programme	125	(214)	-
TOTAL	112 515	(107 292)	(2 115)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
25. PUBLIC CONTRIBUTIONS				
Unconditional	1 344	4 040	1 344	4 040
Conditional	12 738	132 579	12 738	132 579
Contributed assets	48	124 531	48	124 531
Other	12 690	8 048	12 690	8 048
TOTAL	14 082	136 619	14 082	136 619

Comparative restated – see note 37 for more details.

26. EMPLOYEE-RELATED COSTS

Salaries, wages and allowances	14 753 522	13 972 331	14 697 620	13 901 951
Contributions and benefits paid: current provisions	(107 224)	74 467	(107 224)	74 467
Contributions: post-retirement and long-service benefits	688 276	1 159 152	688 276	1 159 152
Current service costs	146 697	135 781	146 697	135 781
Interest costs	745 576	875 348	745 576	875 348
Actuarial (gains)/losses	(203 997)	148 023	(203 997)	148 023
Remeasurement of provisions	-	(2 985)	-	(2 985)
Expenditure recharged to capital projects	15 334 574	15 202 965	15 278 672	15 132 585
	(24 783)	(23 563)	(24 783)	(23 563)
TOTAL	15 309 791	15 179 402	15 253 889	15 109 022

27. IMPAIRMENT COSTS

Receivables	2 842 791	2 854 064	2 842 836	2 854 653
Investments	-	-	-	87 007
Property, plant and equipment	(97 410)	140 066	30 342	30 227
TOTAL	2 745 381	2 994 130	2 873 178	2 971 887

28. FINANCE COSTS

Borrowings	733 085	772 811	733 085	772 811
Unwinding of discount	38 541	45 990	38 541	45 990
TOTAL	771 626	818 801	771 626	818 801

29. BULK PURCHASES

Electricity	11 561 609	9 718 558	11 561 609	9 718 558
Water	277 900	429 208	277 900	429 208
TOTAL	11 839 509	10 147 766	11 839 509	10 147 766

30. CONTRACTED SERVICES

Transportation services	921 561	687 884	921 561	687 884
Refuse removal services	434 183	418 468	434 183	418 468
Sewerage services	601 839	529 321	601 839	529 321
Electrical services	244 030	281 945	234 758	273 947
Waste haulage services	253 273	265 856	253 273	265 856
Other services	442 569	421 634	441 746	421 280
TOTAL	2 897 455	2 605 108	2 887 360	2 596 756

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
31. GENERAL EXPENSES				
Auditor remuneration	20 593	20 098	19 144	18 136
CID levies	284 293	262 132	284 293	262 132
Consultants	644 528	741 878	634 978	730 625
Electricity – Eskom service areas	176 572	166 596	175 892	165 856
Fair-value adjustments	14 862	2 107	14 862	2 107
Indigent relief	130 038	105 583	130 038	105 583
Loss on foreign-exchange transactions	787	921	718	968
Inventory: scrapping	792	107	792	107
Telecommunications	232 458	316 975	218 852	306 918
Building contractors	2 084 447	1 723 268	2 076 916	1 715 779
Fuel	404 601	280 912	403 684	280 623
Minor tools and equipment	475 820	446 584	465 318	443 816
Security services	1 163 855	1 228 094	1 144 805	1 214 696
Servicing of vehicles and equipment	570 873	448 913	565 467	441 691
Other expenditure	2 364 787	2 402 527	2 334 428	2 367 355
	8 569 306	8 146 694	8 470 187	8 056 392
Contributions from provisions	1 590	(50 661)	1 590	(50 661)
	8 570 896	8 096 033	8 471 777	8 005 731
Expenditure recharged to capital projects	(2 919)	(2 886)	(2 919)	(2 886)
TOTAL	8 567 977	8 093 147	8 468 858	8 002 845

Comparative restated – see note 37 for more details.

32. TAXATION

32.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2021: 28%).

At beginning of the year	(176 693)	(158 566)
Temporary differences: current year	49 600	(12 576)
prior year	-	(5 551)
At end of the year	(127 093)	(176 693)

32.2 TAXATION

Statement of financial performance charge

CTICC	49 600	(12 576)
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
33. CASH GENERATED FROM OPERATIONS				
Surplus from operations before taxation	2 933 016	1 739 186	2 903 185	1 915 303
Adjustment for:	5 352 975	5 985 204	5 414 561	5 898 147
Contributed assets	(44 450)	(173 114)	(44 450)	(173 114)
Contribution to provisions	226 125	860 093	226 125	864 369
Depreciation	3 065 552	2 887 634	3 026 161	2 833 027
Fair-value adjustment	3 094	(4 267)	3 094	(4 267)
Gains and losses on disposal of assets	(66 799)	(60 974)	(94 923)	(60 974)
Impairment	2 745 374	2 994 097	2 873 178	2 971 887
Inventory scrapping	792	107	792	107
Unrealised foreign-exchange losses/(gains)	54	(229)	54	(229)
General expense	-	18 443	-	-
Shares of loss in associate	343	-	-	-
Finance income	(1 348 736)	(1 355 387)	(1 347 096)	(1 351 460)
Cash transactions	(1 433 666)	(1 308 676)	(1 432 200)	(1 304 749)
Non-cash transactions	84 930	(46 711)	85 104	(46 711)
Finance costs	771 626	818 801	771 626	818 801
Cash transactions	702 468	731 498	702 468	731 498
Non-cash transactions	69 158	87 303	69 158	87 303
Operating surplus before working capital changes	8 285 991	7 724 390	8 317 746	7 813 450
Decrease/(increase) in inventories	10 936	(38 071)	10 816	(42 133)
Increase in receivables	(3 286 924)	(1 966 491)	(3 291 931)	(1 989 010)
Decrease in unspent conditional grants and receipts	(338 846)	(133 787)	(338 846)	(133 787)
Increase/(decrease) in deposits	56 250	(24 198)	48 103	20 354
Increase in payables	598 026	344 512	587 790	351 232
Decrease in net VAT	(85 198)	(81 111)	(85 402)	(80 258)
CASH GENERATED FROM OPERATIONS	5 240 235	5 825 244	5 248 276	5 939 848

Comparative restated – see note 37 for more details.

34. OPERATING LEASE COMMITMENTS

34.1 THE ENTITY AS LESSEE

Future minimum lease payments under non-cancellable operating leases

Buildings	51 036	35 980	51 036	35 980
Payable within one year	33 525	22 585	33 525	22 585
Payable within two to five years	17 511	13 395	17 511	13 395
Radio masts	826	585	826	585
Payable within one year	406	277	406	277
Payable within two to five years	420	308	420	308
TOTAL	51 862	36 565	51 862	36 565

Minimum lease payments recognised as an expense during the period amounted to R42,09 million (2021: R59,01 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

34. OPERATING LEASE COMMITMENTS (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
34.2 THE ENTITY AS LESSOR				
Future minimum lease income under non-cancellable operating leases				
Buildings				
Receivable within one year	78 435	74 226	78 435	74 226
Receivable within two to five years	246 885	264 325	246 885	264 325
Receivable after five years	395 756	418 016	395 756	418 016
TOTAL	721 076	756 567	721 076	756 567

The Entity lets properties under operating leases. Property rental income earned during the year was R74,53 million (2021: R71,21 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 R0,42 million in current-year income.

35. CONTINGENT LIABILITIES

35.1 DISPUTES

Claims by various parties are currently in dispute, and are subject to mediation or litigation. The potential extent of the liability cannot be determined, but a provisional estimate for the City based on management assessment is R282,20 million (2021: R292,84 million).

The CTICC has received various claims which have arisen from the expansion project brought about by the Principal Building Contractor and other professional services consultants. The company is also expecting to incur legal fees in the process of responding to these claims. Claims which will be dealt with beyond the next financial year as well as any related legal fees are not quantifiable at this time.

Cape Town Stadium registered for VAT in January 2020 with effective date from when the entity was formed in February 2018. This required Cape Town Stadium to lodge and pay all the backlog of monthly VAT returns from February 2018 up until registration date in order to comply with SARS administrative systems. Historically from February 2018 the entity's VAT had been paid over to SARS through the City's monthly VAT returns and SARS had been paid timeously. However, on submission of all the historical VAT returns SARS systems automatically calculated penalties and interest in the amount of R1,4 million. SARS is of the view that penalties and interest is due to the late submission of returns however, Cape Town Stadium has disputed and lodged an objection on the basis that payment had been made timeously through the City. During the year Cape Town Stadium had followed up with SARS on the matter and awaits the outcome of the SARS objection process.

35.2 OUTSTANDING INSURANCE CLAIMS

The estimated liability for insurance claims amounts to R353,40 million (2021: R281,50 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 2022

Rand thousands (R'000)

36. PRINCIPAL-AGENT ARRANGEMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
36.1 PRINCIPAL ARRANGEMENTS				
Collection agents				
Prepaid electricity				
Cigicell, Ontec, Flash and Sandulela are service providers who serve as agents for the City of Cape Town the third party sale of prepaid electricity. All payments are made directly to the City and the service provider invoices the City for commission payable.				
Commission paid to the agent	73 775	77 390	73 775	77 390
Municipal accounts and fines				
The City has a service provider who serves as third party agent 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 are then transferred to the City the next day. The agent invoices the City for commission payable and the reimbursement of bank costs.				
Commission paid to the agent	59 880	53 402	59 880	53 402
Free basic electricity				
Eskom areas				
Eskom, on behalf of the City, provides free basic electricity to eligible customers within the municipal boundaries of the City. Electricity provision occurs through prepaid and conventional meters. Eligible customers are identified according to the municipal rates policy. Eskom provides this service in advance and is reimbursed by the City in an amount equal to the free service provided. Eskom receives no further compensation in terms of the agreement.				
Payment agent				
Western Cape Department of Human Settlements				
The City appointed the Western Cape Department of Human Settlements to act as developer and payment agent, on behalf of the City, for various projects. The purpose of the arrangement is to fulfil grant requirements in providing the infrastructure for the specified projects. The agent must utilise the funds provided by the City for the sole purpose of the installation of infrastructure and receive no further compensation in terms of the agreement.				
36.2 AGENT ARRANGEMENTS				
Motor vehicle registration services				
Agent for the Western Cape Department of Transport and Public Works				
The City acts as an agent for the Western Cape Department of Transport and Public Works, providing motor vehicle registration services on behalf of the Western Cape Department of Transport and Public Works.				
Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 358 804	1 433 521	1 358 804	1 433 521
Revenue recognised by municipality as agency fee (includes VAT)	(285 404)	(297 249)	(285 404)	(297 249)
Revenue paid over to the principal	(1 073 400)	(1 136 272)	(1 073 400)	(1 136 272)
Balance owing at the end of year	-	-	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

36. PRINCIPAL-AGENT ARRANGEMENTS (continued)

36.2 AGENT ARRANGEMENTS (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Licencing services				
Agent for the Western Cape Department of Transport and Public Works				
The City acts as an agent for the Western Cape Department of Transport and Public Works, providing licencing services on behalf of the Western Cape Department of Transport and Public Works.				
Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	36 777	32 198	36 777	32 198
Revenue recognised by municipality as agency fee (includes VAT)	(16 023)	(13 956)	(16 023)	(13 956)
Revenue paid over to the principal	(20 754)	(18 242)	(20 754)	(18 242)
Balance owing at the end of year	-	-	-	-
Collection agents				
Agent for the Road Traffic Infringement Agency				
In the current year, the City started acting as an agent for the Road Traffic Infringement Agency, collecting traffic fines issued by other municipalities in terms of the AARTO act. The City earns commission on all payments collected.				
Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 404	-	1 404	-
Revenue recognised by municipality as agency fee (includes VAT)	(34)	-	(34)	-
Revenue paid over to the principal	(1 098)	-	(1 098)	-
Balance owing at the end of year	272	-	272	-
Agent for the Road Traffic Infringement Agency				
The City acts as an agent for the National Department of Justice, collecting contempt of court fines imposed for non-appearance in court of traffic fine offenders. The City does not derive any revenue from this functions.				
Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal	21 131	18 723	21 131	18 723
Revenue paid over to the principal	(21 131)	(18 723)	(21 131)	(18 723)
Balance owing at the end of year	-	-	-	-

Comparative amount has been amended.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE

37.1 RECLASSIFICATIONS

The classification of various accounts were reviewed in line with the latest guidance issued by the Accounting Standards Board and resulted in the reclassification of these accounts as follows:

- Indigent discounts and relief accounts were reclassified from the "General expenses, Indigent relief" item respectively to be set off against "Service charges" and "Rental of letting stock and facilities" revenue items.
- Availability charges were reclassified from "Exchange revenue, Service charges," to "Non-exchange revenue, Service charges".
- Impoundment fees reported previously as "Services charges, Other" were reclassified as "Fines, penalties and forfeits" revenue item.

Payables relating to capital assets were previously incorrectly classified as movements in working capital, instead of adjusted against "Additions to property, plant and equipment and other".

37.2 CORRECTION OF ERRORS

Connection fees received have been corrected to reflect as exchange revenue, rather than non-exchange revenue and unspent conditional receipts as previously recognised.

The DoRA issued an Equitable Share in 2020 to allowed municipalities to maintain existing services in response to the Covid 19 pandemic. The City obtained approval from NT for the roll-over of the 2020/21 unspent balance. The allocation was treated as an unconditional grant in error and recognised as revenue and have been corrected.

The City received a level two accreditation in terms of the National Housing Code during March 2021 for its participation in the National Housing Programme. It is a project developer in terms of arrangements related to the construction and transfer houses to the beneficiaries of the National Housing Programme and GRAP 11 Construction Contracts should have been applied to recognition, measurement, presentation and disclosure of transactions related to these arrangements in the 2020/21 financial year.

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

ECONOMIC ENTITY					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
2020					
STATEMENT OF FINANCIAL POSITION					
LIABILITIES					
Current liabilities		9 934 028	-	(141 555)	9 792 473
Unspent conditional grants and receipts		1 392 172	-	(141 555)	1 250 617
TOTAL LIABILITIES		23 233 120	-	(141 555)	23 091 565
NET ASSETS					
Total net assets		53 511 406	-	141 555	53 652 961
Accumulated surplus		47 578 047	-	141 555	47 719 602
TOTAL NET ASSETS AND LIABILITIES		76 744 526	-	-	76 744 526
2021					
STATEMENT OF FINANCIAL POSITION					
LIABILITIES					
Current liabilities		9 993 896	-	(2 439)	9 991 457
Unspent conditional grants and receipts		1 119 269	-	(2 439)	1 116 830
TOTAL LIABILITIES		23 656 231	-	(2 439)	23 653 792
NET ASSETS					
Total net assets		55 402 284	-	2 439	55 404 723
Accumulated surplus		49 631 204	-	2 439	49 633 643
TOTAL NET ASSETS AND LIABILITIES		79 058 515	-	-	79 058 515

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Correction of errors	Restated	
2021 (continued)					
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue		23 474 211	(451 724)	64 791	23 087 278
Service charges		21 091 280	(399 762)	64 791	20 756 309
Rental of letting stock and facilities		404 776	(51 962)	-	352 814
Non-exchange revenue		22 141 694	56 209	(203 907)	21 993 996
Service charges		-	33 128	-	33 128
Fines, penalties and forfeits		1 548 682	23 081	-	1 571 763
Government grants and subsidies		7 398 444	-	(394 870)	7 003 574
Construction contracts		-	-	250 308	250 308
Public contributions		195 964	-	(59 345)	136 619
Total revenue		45 615 905	(395 515)	(139 116)	45 081 274
Expenditure					
General expenses		8 488 662	(395 515)	-	8 093 147
Total expenditure		43 737 603	(395 515)	-	43 342 088
Surplus from operations before taxation		1 878 302	-	(139 116)	1 739 186
CASH FLOW STATEMENT					
Cash flow from operating activities					
Cash receipts from ratepayers government and other		41 598 654	105 583	-	41 704 237
Cash paid to suppliers and employee		(35 850 284)	(28 709)	-	(35 878 993)
<i>Cash generated from operations</i>		5 748 370	76 874	-	5 825 244
NET CASH FROM OPERATING ACTIVITIES		6 319 997	76 874	-	6 396 871
Cash flow from investing activities					
Additions to property, plant and equipment and other		(6 549 248)	(76 874)	-	(6 626 122)
NET CASH FROM INVESTING ACTIVITIES		(7 337 802)	(76 874)	-	(7 414 676)
UNSPENT CONDITIONAL GRANTS AND RECEIPTS					
Conditional grants from other spheres of government	16	951 592	-	144 562	1 096 154
National Government		543 682	-	144 562	688 244
Other conditional receipts		167 677	-	(147 001)	20 676
Public contributions		167 677	-	(147 001)	20 676
TOTAL		1 119 269	-	(2 439)	1 116 830
SERVICE CHARGES					
Exchange revenue	19	21 091 280	(399 762)	64 791	20 756 309
Electricity		14 216 870	-	-	14 216 870
Water management		3 196 873	(11 340)	-	3 185 532
Wastewater management		1 595 643	(11 719)	-	1 583 924
Waste management		1 402 726	(353 622)	-	1 049 104
Other		679 168	(23 081)	64 791	720 879
Non-exchange revenue		-	33 128	-	33 128
Water management		-	11 340	-	11 340
Wastewater management		-	11 719	-	11 719
Waste management		-	10 069	-	10 069
TOTAL		21 091 280	(366 634)	64 791	20 789 437

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (continued)

ECONOMIC ENTITY - continued					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
2021 (continued)					
GOVERNMENT GRANTS AND SUBSIDIES					
Unconditional grants	23	3 929 222	-	(428 395)	3 500 827
Conditional grants		3 469 222	-	283 833	3 753 055
National Government		2 406 305	-	283 833	2 690 138
Total grants		7 398 444	-	(144 562)	7 253 882
Housing construction revenue		-	-	(250 308)	(250 308)
TOTAL		7 398 444	-	(394 870)	7 003 574
Analysis of Government grants and subsidiaries					
Operating		5 781 742	-	(145 997)	5 635 745
Capital		1 616 702	-	1 435	1 618 137
TOTAL		7 398 444	-	(144 562)	7 253 882
CONSTRUCTION CONTRACTS					
Housing projects	24	-	-	250 308	250 308
TOTAL		-	-	250 308	250 308
PUBLIC CONTRIBUTIONS					
Conditional - Consumer connection fees	25	195 964	-	(59 345)	136 619
		59 345	-	(59 345)	-
GENERAL EXPENSES					
Indigent relief: rental of letting stock	31	51 962	(51 962)	-	-
Indigent relief: solid waste		343 553	(343 553)	-	-
TOTAL		8 398 360	(395 515)	-	8 002 845
CASH GENERATED BY OPERATIONS					
Surplus from operations before taxation	33	1 878 302	-	(139 116)	1 739 186
Operating surplus before working capital changes:		7 863 506	-	(139 116)	7 724 390
Decrease in unspent conditional grants and receipts		(272 903)	-	139 116	(133 787)
Increase in payables		267 638	76 874	-	344 512
Cash generated by operations		5 748 370	76 874	-	5 825 244

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (continued)

CITY OF CAPE TOWN					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
2020					
STATEMENT OF FINANCIAL POSITION					
LIABILITIES					
Current liabilities		9 777 564	-	(141 555)	9 636 009
Unspent conditional grants and receipts		1 392 172	-	(141 555)	1 250 617
TOTAL LIABILITIES		23 076 656	-	(141 555)	22 935 101
NET ASSETS					
Total net assets		53 060 658	-	141 555	53 202 213
Accumulated surplus		47 421 463	-	141 555	47 563 018
TOTAL NET ASSETS AND LIABILITIES		76 137 314	-	-	76 137 314
2021					
STATEMENT OF FINANCIAL POSITION					
LIABILITIES					
Current liabilities		9 902 652	-	(2 439)	9 900 213
Unspent conditional grants and receipts		1 119 269	-	(2 439)	1 116 830
TOTAL LIABILITIES		23 564 987	-	(2 439)	23 562 548
NET ASSETS					
Total net assets		55 115 077	-	2 439	55 117 516
Accumulated surplus		49 616 546	-	2 439	49 618 985
TOTAL NET ASSETS AND LIABILITIES		78 680 064	-	-	78 680 064
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue		23 462 678	(451 724)	64 791	23 075 745
Service charges		21 101 782	(399 762)	64 791	20 766 811
Rental of letting stock and facilities		381 537	(51 962)	-	329 575
Non-exchange revenue		22 147 516	56 209	(203 907)	21 999 818
Service charges		-	33 128	-	33 128
Fines, penalties and forfeits		1 548 682	23 081	-	1 571 763
Government grants and subsidies		7 398 444	-	(394 870)	7 003 574
Construction contracts		-	-	250 308	250 308
Public contributions		195 964	-	(59 345)	136 619
Total revenue		45 610 194	(395 515)	(139 116)	45 075 563
Expenditure					
General expenses		8 398 360	(395 515)	-	8 002 845
Total expenditure		43 555 775	(395 515)	-	43 160 260
Surplus from operations before taxation		2 054 419	-	(139 116)	1 915 303

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (continued)

CITY OF CAPE TOWN - continued					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
2021 (continued)					
CASH FLOW STATEMENT					
Cash flow from operating activities					
Cash receipts from ratepayers government and other		41 272 675	105 583	-	41 378 258
Cash paid to suppliers and employee		(35 397 699)	(40 711)	-	(35 438 410)
<i>Cash generated from operations</i>		5 874 976	64 872	-	5 939 848
NET CASH FROM OPERATING ACTIVITIES		6 448 227	64 872	-	6 513 099
Cash flow from investing activities					
Additions to property, plant and equipment and other		(6 528 473)	(64 872)	-	(6 593 345)
NET CASH FROM INVESTING ACTIVITIES		(7 317 202)	(64 872)	-	(7 382 074)
UNSPENT CONDITIONAL GRANTS AND RECEIPTS					
Conditional grants from other spheres of government	16	951 592	-	144 562	1 096 154
National Government		543 682	-	144 562	688 244
Other conditional receipts		167 677	-	(147 001)	20 676
Public contributions		167 677	-	(147 001)	20 676
TOTAL		1 119 269	-	(2 439)	1 116 830
SERVICE CHARGES					
Exchange revenue	19	21 101 782	(399 762)	64 791	20 766 811
Electricity		14 235 170	-	-	14 235 170
Water management		3 199 025	(11 340)	-	3 187 685
Wastewater management		1 595 643	(11 719)	-	1 583 924
Waste management		1 403 064	(353 622)	-	1 049 442
Other		668 880	(23 081)	64 791	710 590
Non-exchange revenue		-	33 128	-	33 128
Water management		-	11 340	-	11 340
Wastewater management		-	11 719	-	11 719
Waste management		-	10 069	-	10 069
TOTAL		21 101 782	(366 634)	64 791	20 799 939
GOVERNMENT GRANTS AND SUBSIDIES					
Unconditional grants	23	3 929 222	-	(428 395)	3 500 827
Conditional grants		3 469 222	-	283 833	3 753 055
National Government		2 406 305	-	283 833	2 690 138
Total grants		7 398 444	-	(144 562)	7 253 882
Housing construction revenue		-	-	(250 308)	(250 308)
TOTAL		7 398 444	-	(394 870)	7 003 574
Analysis of Government grants and subsidiaries					
Operating		5 781 742	-	(145 997)	5 635 745
Capital		1 616 702	-	1 435	1 618 137
TOTAL		7 398 444	-	(144 562)	7 253 882

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (continued)

CITY OF CAPE TOWN - continued					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
2021 (continued)					
CONSTRUCTION CONTRACTS					
Housing projects	24	-	-	250 308	250 308
TOTAL		-	-	250 308	250 308
PUBLIC CONTRIBUTIONS					
Conditional - Consumer connection fees	25	195 964	-	(59 345)	136 619
		59 345	-	(59 345)	-
GENERAL EXPENSES					
Indigent relief: rental of letting stock	31	51 962	(51 962)	-	-
Indigent relief: solid waste		343 553	(343 553)	-	-
TOTAL		8 398 360	(395 515)	-	8 002 845
CASH GENERATED BY OPERATIONS					
Surplus from operations before taxation	33	2 054 419	-	(139 116)	1 915 303
Operating surplus before working capital changes:		7 952 566	-	(139 116)	7 813 450
Decrease in unspent conditional grants and receipts		(272 903)	-	139 116	(133 787)
Increase in payables		286 360	64 872	-	351 232
Cash generated by operations		5 874 976	64 872	-	5 939 848

37.3 CHANGE IN ACCOUNTING ESTIMATE

Annual review of assets' useful lives and residual values

The City's annual review of the useful lives resulted in no change (2021: R283,38 million) in the depreciation charge to the statement of financial performance. The City's annual update of residual values resulted in a decrease of R10,14 million in the depreciation charge to the statement of financial performance.

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



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

38. BUDGET INFORMATION

PRESENTATION OF STATEMENT COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The presentation format adopted for the statement of comparison of budget and actual amounts is based on the MBRR Table B1 – Adjustments budgets Summary and MBRR Table B5 – Adjustments budget capital expenditure by vote included in the published budget.

38.1 APPROVED AND FINAL BUDGET

The approved budget presented is the most recent adjustment budget approved by Council.

The final budget presented is the most recently approved budget adjusted for virements and have not been formally approved again by Council.

38.2 VIREMENTS

The changes from the approved to final budget is due to virements in terms of Council-approved policy.

38.3 FINANCIAL STATEMENT CLASSIFICATION

The actual amounts presented in this column agrees to the actual amounts presented in the statement of financial position, statement of financial performance and cash flow statement. It has been aggregated, disaggregated or grouped to correspond to the budget line item descriptions.

The table below is a reconciliation to explain that the budget and the financial statements amounts agree for total revenues. The total expenses and net cash flows from operating activities, investing activities and financing activities all directly agree to the financial statements line items.

	ECONOMIC ENTITY	CITY OF CAPE TOWN
Total revenue (excluding capital transfers and contributions)	47 162 466	47 095 189
Transfers recognised - capital	1 656 452	1 656 452
Contributions recognised - capital and contributed assets	14 082	14 082
Total revenue per statement of financial performance	48 833 000	48 765 723

38.4 BUDGET DIFFERENCES

The Municipal Standard Chart of Accounts (mSCOA) format and classification of the budget schedules as issued by National Treasury are not fully aligned to the Standards of GRAP and therefore the disparity in classification between the budget and the GRAP standards annual financial statements.

Below are reconciliations to explain the classification and recognition differences between the budget and the financial statements amounts for total revenues, total expenses and net cash flows from operating activities, investing activities and financing activities.

38.4.1 Classification differences

	ECONOMIC ENTITY	CITY OF CAPE TOWN
Financial Performance		
Total revenue (excluding capital transfers and contributions)	47 162 466	47 095 189
Inventory consumed: mSCOA classification	4 782 122	4 782 122
Development contributions	(209 516)	(209 516)
Grants PCDR (Conditional)	12 426	12 426
Grants other (Unconditional)	1 344	1 344
Budget	51 748 842	51 681 565
Total expenditure		
Total expenditure	45 899 641	45 862 538
Inventory consumed: mSCOA classification	4 782 122	4 782 122
Budget	50 681 763	50 644 660

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

38. BUDGET INFORMATION (continued)

38.4 BUDGETED DIFFERENCES (continued)

38.4.1 Classification differences (continued)

	ECONOMIC ENTITY	CITY OF CAPE TOWN
Financial Performance (continued)		
Surplus before capital transfers and contributions	1 262 825	1 232 651
Development contributions	(209 516)	(209 516)
Grants PCDR (Conditional)	12 426	12 426
Grants other (Unconditional)	1 344	1 344
Budget	1 067 079	1 036 905
Transfers recognised - capital	1 656 452	1 656 452
Development contributions	209 516	209 516
Contributed assets National Government	(432)	(432)
Contributed assets Provincial Government	(2 000)	(2 000)
Grants PCDR (Conditional)	264	264
Budget	1 863 800	1 863 800
Contributions recognised - capital and contributed assets	14 082	14 082
Contributed assets National Government	432	432
Contributed assets Provincial Government	2 000	2 000
Capital PCDR	(264)	(264)
Grants PCDR (Conditional)	(12 426)	(12 426)
Grants other (Unconditional)	(1 344)	(1 344)
Budget	2 480	2 480
Cash flow statement		
Net cash from operating	5 971 433	5 978 008
Increase in deposits	(48 103)	(48 103)
Budget	5 923 330	5 929 905
Net cash from investing	(371 494)	(371 494)
Increase in deposits	48 103	48 103
Budget	(323 391)	(323 391)

38.4.2 Recognition differences

	ECONOMIC ENTITY	CITY OF CAPE TOWN
Capital expenditure per financial statement	5 652 607	5 642 233
Landfill site provision estimate	(171 591)	(171 591)
Contributed assets	(44 450)	(44 450)
Budget	5 436 566	5 426 192

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

38.5 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS

38.5.1 Statement of financial position

Assets

i) Total current assets

The variance is mainly due to higher-than-anticipated investments and cash balances at year-end. Refer to the explanations on the cash flow statement variances for more detail.

Liabilities

ii) Total current liabilities

The variance is attributed to a higher balance for payables from exchange transaction than anticipated. This is due to less cash payments to suppliers at year-end and more supplier credit being utilised than expected.

38.5.2 Statement of financial performance

Expenditure

i) Debt impairment

The variance is due to lower-than-budgeted provision for debt impairment realised on Human Settlement (19%), Water and Sanitation (7%), Urban Waste Management (20%) and Property Rates debtors (62%). In addition, the higher-than-budgeted provision realised on Electricity Debtors (13%) and Traffic Fines (86%) 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.

ii) Transfers and Grants

The variance is largely due to delays/late start with the implementation of People Housing Processes (PHP) projects as a result of beneficiary related issues and court orders that halted some projects. In addition, payments to service providers funded from National Skills Fund was lower than planned due to the protracted administration process required before payments could be made. Furthermore, as a result of the Cape Town Stadium entity generating sufficient own revenue to fund operational expenditure resulted in a lower requirement for grant funding from the City.

38.5.3 Cash flow statement

i) Net cash from operating

The variance is mainly due to underspend on operating expenditure.

ii) Net cash from investing

The variance is due to the underspend of capital expenditure.

iii) Net cash from financing

The variance is due to not having taken up the anticipated loans to fund the capital budget.

38.6 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS

Capital expenditure

i) Community Services and Health

The variance is due to extensive community engagement on some projects, which resulted in delayed start of projects and in some instances, notable interferences and stoppages were recorded during the implementation phase. On some of the replacement of roof projects, the requisite materials were not be sourced in time.

ii) Corporate Services

The variance in the implementation of projects is due to the cancellation of orders for fleet and plant replacement due to the impact of the flood in KwaZulu-Natal and the impact of the war on the European economy. The effects of the Covid 19 pandemic has also resulted in the non-accessibility of IT equipment locally and internationally.

iii) Economic Growth

The variance is due to delays in the implementation of two projects, where the scope of the projects were delayed due complex front-end loading, conclusion of agreements, detailed design phase taking longer than anticipated, and adverse underground conditions, which necessitated pile redesign and additional piling. In other instances, the impact was due to work stoppages resulting from community protests, which has since been resolved.

iv) Energy

The variance in the implementation and completion of projects is as a result of: loadshedding; delay in award of tenders; supplier constraints; flood in KwaZulu-Natal; shipping delays due to Ukraine/Russia conflict; fires in informal settlements, which diverted resources compromising the electrification programme; and material shortages.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

38. BUDGET INFORMATION (continued)

38.6 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS (continued)

Capital expenditure (continued)

- v) Future Planning and Resilience
The variance is largely attributable to delays in approval of required tender, late appointment of consultants, unspent contingencies and items not delivered on time due to supplier constraints.
- vi) Office of the City Manager
The variance in the implementation of the projects is mainly due to delays experienced in the delivery of IT Equipment, Office furniture and the Wynberg Court Erf Consolidation process as well as savings realised on some projects.
- vii) Spatial Planning and Environment
The variance is largely attributable to protracted tender processes, component shortages of electronic goods that delayed the delivery of IT equipment and stop notices issued against projects.
- viii) Urban Mobility
The variance in the implementation of projects is as a result of the delay in the appointment of contractors and professional service providers, contractor capacity constraints, delays in delivery due to unavailability of certain stock items, delays as a result of material quality issues, cost savings materialised with the completion of projects and property acquisitions still being finalised.
- ix) Urban Waste Management
The variance is largely attributable to construction projects, where contingency provisions for construction projects were not utilised. Plant items, which were not delivered by 30 June 2022, due to the war in Ukraine. The Coastal Park Material Recovery Facility project was delayed due to the award of construction tender being finalised later than anticipated to allow negotiations that ensured value for money.
- x) Water and Sanitation
The variance is due to unspent contingencies, delays flowing from appeals lodged on tenders, community resistance as well as items not delivered on time due to supplier constraints and unavailability of stock.
- xi) CTICC
The reason for the underspend on budget was due to the entity prioritising the capital budget to critically essential projects only. Non-essential maintenance and capital expenditure have been placed on hold in order to preserve the cash resources and keep liquidity levels at an acceptable level.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES

39.1 MUNICIPAL AND OTHER ENTITIES

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	
	2022	2021	2022	2021
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			72,7%	71,4%
Arm's-length transactions for the year				
Receivables			2 308	1 493
Payables			-	316
Deposits			1 234	1 236
Service charges			16 933	18 604
Contracted services			1 191	365
Rental of letting stock and facilities			2 510	1 505

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 (CTST)

The CTST 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			100%	100%
Receivables			15 414	133
Payables			7 805	4 384
Service charges			9 354	8 278
Other income			23 160	22 198
Grants and subsidies paid			41 915	65 237

The City is the sole shareholder of the Cape Town Stadium (RF) SOC Limited that started operating as a municipal entity from 1 February 2018. The City is the holder of 100 ordinary shares issued with no par value.

The City is leasing to the CTST 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	27 153	26 928	27 153	26 928
Transfers	6 210	1 428	6 210	1 428
Interest paid	1 033	853	1 033	853
Revenue collected	5 493	4 820	5 493	4 820

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.1 MUNICIPAL AND OTHER ENTITIES (continued)

Atlantis Special Economic Zone Company (SOC) Ltd

The Atlantis SEZ Company (SOC) Ltd (Atlantis SEZ) is a state owned entity listed as a schedule 3D entity in terms of section 47(2) of the Public Finance Management Act (PFMA). The purpose of the entity is aimed at developing a Green Technology Special Economic Zone (SEZ) in close collaboration with the Department of Trade and Industry and Competition (DTIC), Wesgro, the City of Cape Town and the Western Cape Government Department of Economic Development and Tourism.

On 31 March 2022, the City of Cape Town acquired 45,4% of the Atlantis SEZ Company's issued ordinary no par value shares in an asset for shares transaction. The 83 no par value shares were acquired by way of transfer of the following three properties valued at R56,50 million. The investment is carried at cost, amended for the City's share in the entity's profit or loss for the period under review.

- Portion of remainder Cape Farm 1183 and remainder farm 4-93, located on the corner of Dassenberg street and Charel Uys drive, Atlantis industrial. Zone 1 is 221 500 m² (purchase price R13,28 million).
- Portion of Cape Farm 1183-4-1 bounded by Gideon Basson road and Neil Hare road, Atlantis Industrial. Zone 2 is 386 500 m² (purchase price R23,18 million).
- Portion of remainder erf 171, portion remainder erf 277, erf 254 and erf 246, all located along Neil Hare road, Atlantis Industrial. Zone 3 is 386 500 m² (purchase price R20,03 million).

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
As at 30 June				
Carrying amount				
Investment at cost	56 500			
Adjustment – Fair value of net assets acquired	(28 124)			
Share of surplus/(deficit)	(343)			
TOTAL	28 033			

The value of the shares were independently determined and agreed by both parties. There were no other related party transactions between the City and Atlantis SEZ, other than for the sale of land in exchange for shares.

Percentage owned	45,4%	45,4%
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Atlantis SEZ has a financial year end of 31 March. The company has provided the City with their management accounts for the period from 1 April 2022 to 30 June 2022.

Aggregate financial information

Statement of financial position

Total assets	75 515
Total liabilities	13 708
Total net assets	61 807

Statement of financial performance

Total revenue	11 901
Total expenditure	12 657
Surplus/(deficit) for the period	(756)

Statement of Other Comprehensive Income

Share of profit/(loss) in associate	(343)
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT

39.2.1 Related party transactions with close family members of executive management

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

The following reported transactions 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 Councillors

As at 30 June 2022		
Name	Nature of relation	Key management
VREDEKLOOF CID	Spouse	Clr C Brynard
Arm's-length transactions for the year		
Transfers in terms of Vredeklouf CID MOA		4 678
Amount owing		-
AFRIWORLD BUSINESS SOLUTIONS (PTY) LTD	Child	Clr R Davids
Arm's-length transactions for the year		
Rendering of service		1 684
Amount owing		939
AFRIVEST BUSINESS SOLUTIONS	Child	Clr R Davids
Arm's-length transactions for the year		
Rendering of service		1 908
Amount owing		1 095

As at 30 June 2021

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

39.2.1.2 Executive director

As at 30 June 2022		
Name	Nature of relation	Key management
EMPIRE	Sister-in-law	V Botto
Arm's-length transactions for the year		
Rendering of service		399
Amount owing		16

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		78
Amount owing		12

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2.2 Remuneration of executive management

39.2.2.1 Remuneration of councillors/board members

SUMMARY OF REMUNERATION BENEFITS

	Annual salary	Car allowance	Social contribution	Total
2022				
Mayco members	13 002	159	491	13 652
Councillors	140 699	136	2 986	143 821
	153 701	295	3 477	157 473
Controlled entities: board members	938	-	-	938
TOTAL	154 639	295	3 477	158 411
2021				
Mayco members	12 946	19	621	13 586
Councillors	139 497	452	4 554	144 503
	152 443	471	5 175	158 089
Controlled entities: board members	1 183	-	-	1 183
TOTAL	153 626	471	5 175	159 272

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 R153,70 million for the period in review. The average remuneration per councillor is R0,682 million (2021: R0,684 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 6 and 7 under "General information".



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2.2.1 Remuneration of councillors

Mayoral Committee members remuneration

ANALYSIS OF REMUNERATION BENEFITS

	Annual salary	Car allowance	Social contribution	Total
2022				
Current structure				
Executive Mayor				
Ald G Hill-Lewis	921	-	-	921
Deputy Mayor; Spatial Planning and Environment				
Cllr E Andrews	749	-	-	749
Economic Growth				
Ald J Vos	694	-	-	694
Finance				
Cllr S Mbandezi	619	-	75	694
Corporate Services				
Ald T Uys	694	-	-	694
Community Services and Health				
Cllr P van der Ross	694	-	-	694
Energy				
Cllr B van Reenen	694	-	-	694
Human Settlements				
Cllr M Booij	1 026	-	74	1 100
Safety and Security				
Ald JP Smith	846	159	95	1 100
Urban Mobility				
Cllr R Quintas	694	-	-	694
Urban Waste Management				
Ald G Twigg	619	-	75	694
Water and Sanitation				
Cllr ZA Badroodien	694	-	-	694
	8 944	159	319	9 422
Previous structure				
Executive Mayor				
Ald D Plato	529	-	-	529
Deputy Mayor; Finance				
Ald ID Neilson	384	-	46	430
Economic Opportunities and Asset Management				
Ald J Vos	406	-	-	406
Corporate Services				
Cllr SA Cottle	406	-	-	406
Community Services and Health				
Cllr ZA Badroodien	406	-	-	406
Energy and Climate Change				
Cllr P Maxiti	405	-	-	405
Spatial Planning and Environment				
Ald M Niewoudt	371	-	35	406
Transport				
Ald F Purchase	383	-	47	430
Urban Management				
Ald G Twigg	362	-	44	406
Water and Waste				
Ald X Limberg	406	-	-	406
	4 058	-	172	4 230
TOTAL	13 002	159	491	13 652

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

Mayoral Committee members remuneration (continued)

ANALYSIS OF REMUNERATION BENEFITS (continued)

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



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2.2 Remuneration of executive management

39.2.2.2 Remuneration of executive directors

ANALYSIS OF REMUNERATION BENEFITS

	Annual salary	Relocation and car allowance	Social contribution	Total
2022				
Current structure				
City Manager				
L Mbandazayo	3 086	-	399	3 485
Community Services and Health				
E Sass	2 981	-	417	3 398
Corporate Services				
Z Mandlana ³	751	-	60	811
Energy				
KM Nassiep ²	1 135	-	1	1 136
Economic Growth				
R Gelderbloem ²	877	-	109	986
Finance				
K Jacoby	3 340	81	285	3 706
Future Planning and Resilience				
G Morgan ³	727	-	86	813
Human Settlements				
NZ Gqiba	2 843	-	2	2 845
Safety and Security Services				
V Botto ³	1 982	-	305	2 287
Spatial Planning and Environment				
E Naude ³	1 944	199	281	2 424
Urban Mobility				
D Campbell ²	1 034	-	100	1 134
Urban Waste Management				
R Keraan ³	858	137	9	1 004
Water and Sanitation				
M Webster ²	951	37	135	1 123
	22 509	454	2 189	25 152
Previous structure				
Corporate Services				
G Morgan ³	494	-	58	552
C Kesson ⁴	1 013	-	112	1 125
Energy and Climate Change				
KM Nassiep ¹	1 728	-	1	1 729
Economic Opportunities and Asset Management				
R Gelderbloem ¹	1 227	-	153	1 380
Transport				
D Campbell ¹	1 447	-	140	1 587
Urban Management				
L Mdunyelwa ³	226	18	43	287
B Gerber ³	1 021	-	1	1 022
Water and Waste				
M Webster ¹	1 342	51	190	1 583
	31 007	523	2 887	34 417
CTICC				
Chief Executive Officer: TM Motlhabane	2 174	-	-	2 174
Key management: four staff members	5 838	-	-	5 838
Cape Town Stadium				
Chief Executive Officer: L de Reuck	1 979	-	285	2 264
Key management: one staff member	1 433	-	16	1 449
TOTAL	42 431	523	3 188	46 142

¹ Contract terminated 31/01/2022 due to restructuring

² Appointed on 01/02/2022

³ Acted as Executive Director during the year

⁴ Contract terminated during the year

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2.2 Remuneration of executive management (continued)

39.2.2.2 Remuneration of executive directors (continued)

ANALYSIS OF REMUNERATION BENEFITS (continued)

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

¹ Contract terminated during the year

² Appointed during the year

³ Acted as Executive Director during the year

⁴ Acted as Executive Director without compensation

40. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting, the annual financial statements there were no subsequent events to disclose.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS

41.1 POLITICAL PARTIES' ARREARS

Included in the debtors' arrears is an amount of R24 451,88 (2021: R2 710,11) outstanding for more than 90 days, owed by the representative political parties to the Entity.

41.2 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".

41.3 MUNICIPAL FINANCE MANAGEMENT ACT

41.3.1 Section 124(1)(b)

41.3.1.1 Disclosure concerning councillors' municipal accounts in arrears

2022

During the **reporting year**, the following 12 councillors, who were elected after the 2021 Municipal Elections were in arrears, but have since paid their accounts:

- S August
- S Little
- M Mabungani
- B Maqungwana
- S Markgraff
- L Martin
- M Mkutswana
- N Mvinjelwa
- M Petersen
- M Sampson
- N Sono
- D de Vos

As at 30 June 2022, there were no councillors in arrears for 90 days or more for rates or services.

2021

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

41.3.2 Section 125

41.3.2.1 Irregular expenditure

Opening balance
Expenditure incidents identified in the current year, relating to
Current year
Prior year

Resolved by Council

Closing balance

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Opening balance	587 266	885 952	587 266	885 952
Expenditure incidents identified in the current year, relating to	33 285	762 186	33 274	762 186
Current year	26 866	385 866	26 855	385 866
Prior year	6 419	376 320	6 419	376 320
Resolved by Council	620 551 (387 915)	1 648 138 (1 060 872)	620 540 (387 904)	1 648 138 (1 060 872)
Closing balance	232 636	587 266	232 636	587 266
Incidents				
Legal services procurement not in terms of SCM regulations	746	34 379	746	34 379
Expenditure incurred after contract expiry	8 279	124 742	8 279	124 742
Non-compliance with SCM regulations and sections 33 and 116(3) of the MFMA	24 260	603 065	24 249	603 065
TOTAL	33 285	762 186	33 274	762 186

The irregular expenditure is disclosed exclusive of VAT.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

41.3.2 Section 125 (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
41.3.2.2 Unauthorised expenditure				
Opening balance	-	6 567	-	6 567
Expenditure incidents identified in the current year	-	-	-	-
	-	6 567	-	6 567
Resolved by Council	-	(6 567)	-	(6 567)
Closing balance	-	-	-	-

The unauthorised expenditure is disclosed inclusive of VAT.

41.3.2.3 Fruitless and wasteful expenditure

Opening balance	11 822	16 591	11 822	16 591
Expenditure incidents identified in the current year, relating to	4 340	12 328	4 340	12 328
Current year	622	11 372	622	11 372
Prior year	3 718	956	3 718	956
	16 162	28 919	16 162	28 919
Resolved by Council or restated	(3 450)	(17 097)	(3 450)	(17 097)
Closing balance	12 712	11 822	12 712	11 822

Incidents		ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	2021	2022	2021
Interest paid on late payments	-	1 335	-	1 335	-
Extension of time claims	-	7 916	-	7 916	-
Other	4 340	3 077	4 340	3 077	-
TOTAL	4 340	12 328	4 340	12 328	12 328

The fruitless and wasteful expenditure is disclosed inclusive of VAT.

41.3.2.4 The material irregularity matters disclosed by the Office of the Auditor General of South Africa (AGSA) in their 2020/21 audit report has been investigated. Upon notification by the AGSA of the material irregularities, the City Manager took immediate steps to mitigate any further losses. The steps taken by the City and the outcomes of the subsequent investigation conducted by the City was duly communicated to the AGSA. Based on the outcome of the investigation, consequence management (where applicable) was initiated and senior counsel advice was sought on the recovery of potential losses. A process to recover approximate losses of R52 million and overbillings of R3 million is currently underway through civil claims. Funds owed to the relevant service providers are being held back pending the outcome of the civil claims.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
41.3.2.5 Material losses				
Water losses	146 786	179 521	146 786	179 521

In the current year, the material losses were 6,47% (2021: 8,75%). These material losses are predominantly due to unauthorised usage and metering inaccuracies.

Comparative amended: The implementation of a new inventory system for water affected the previous approach of calculation, including the treatment of abnormal losses, bulk apparent losses and price adjustments. The change led to the update of the comparative amount and percentages.

Electricity losses	431 445	528 795	431 445	528 795
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In the current year, the energy losses were 10,24% (2021: 11,95%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R749,51 million (2021: R630,51 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

41.3.2 Section 125 (continued)

41.3.2.6 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
As at 30 June 2022				
Opening balance	(15 517)	217	184 608	344 915
Subscriptions/fees	15 517	23 234	2 388 485	4 264 725
Amount paid: current year	-	(23 019)	(2 194 504)	(3 906 625)
in advance	(16 370)	-	-	-
previous years	-	(217)	(184 608)	(344 915)
Balance unpaid (included in payables)	(16 370)	215	193 981	358 100
As at 30 June 2021				
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)
Balance unpaid (included in payables)	(15 517)	217	184 608	344 915
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
As at 30 June 2022				
Opening balance	(15 517)	217	184 608	344 915
Subscriptions/fees	15 517	21 784	2 388 198	4 257 701
current year	-	(21 569)	(2 194 217)	(3 899 601)
in advance	(16 370)	-	-	-
previous years	-	(217)	(184 608)	(344 915)
Balance unpaid (included in payables)	(16 370)	215	193 981	358 100
As at 30 June 2021				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	20 640	2 278 870	4 069 513
current year	-	(20 663)	(2 094 262)	(3 724 598)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
Balance unpaid (included in payables)	(15 517)	217	184 608	344 915

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS

41.4.1 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	
	2022	2021	2022	2021
Greater than R200 000	348 010	860 447	339 896	840 933
Less than R200 000	227 155	236 261	227 155	236 261
TOTAL amount approved by the Accounting Officer or his delegated authority, noted by Council and Board members	575 165	1 096 708	567 051	1 077 194

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.

41.4.2 SCM breaches

Ratification of minor breaches

Comparative amount has been amended.

	58 503	142 396	56 702	139 853
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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 on the declaration-of-interest form:

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
AAE CATERING		908	908
Y Ebrahim	Regional operations manager		
AFRIVEST BUSINESS SOLUTIONS		1 713	1 713
R Davids	CCT: Councillor		
AFRIWORLD BUSINESS SOLUTIONS (PTY) LTD		939	939
R Davids	CCT: Councillor		
AGL BUILDING REPAIRS AND MAINTENANCE SUPPORT		255	255
G Elloker	Administrative officer		
ANLO PRINT AND MAIL CC		139	139
N Taylor	Administrative officer		
ASEP ELECTRICAL		6 790	6 790
Z September	Teacher		
ATHLONE AUTO TRANSMISSIONS		460	460
N Joseph	Province: Chief director		
BARENDS F		112	112
T Barends	CCT: SAP developer		
BATTERY CENTRE MITCHELLS PLAIN		15	15
F Badenhorst	Stellenbosch Municipality: Councillor		
BERGSTAN SOUTH AFRICA CONSULTING AND DEVELOPMENT		309	309
J Beukes	Department of Social Service		
BOB C IMPORT/EXPORT AGENCIES CC		499	499
C Padiachy	Clerk		
BOKAMOSO ENTERPRISE SOLUTIONS		279	279
M Thobejane	Department of Land Affairs and Rural Development		
BOWIE LIFTS ELEVATORS AND ESCALATOR		2 097	2 097
M Bowie	Department of Transport: Administrative officer		
BOWMAN GILFILLAN INC (LEGAL AND LAND)		2 617	2 617
H Ben-David	South African Airways: Captain		
L Bozalek	Western Cape High court: Judge		
HIJ Carim	Department of Basic Education: Deputy Principal		
M de Villiers	Project and Process Manager		
C Dyer	National Department of Education: Deputy Director		
N Lumeza	Educator		
B Malope-Kgokong	Health Laboratory Service: National Manager		
G Mellem	Teacher		
T Mtshali	KZN Department of Education: Deputy Principal		
LWS Ngubane	Educator		
M Nyali	Teacher		
J Odendal	ARMSCOR SOC Ltd: Senior management (technical)		
C Rodrigues	South African Police Services: Forensic analyst		
T Sass	Head: Compliance and Probity		
B Sepuba	Department of Finance: Specialist recruitment (HR)		
E Steyn	Western Cape High court: Judge		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
BOWMAN GILFILLAN INC (LEGAL AND LAND) - continued			
E Tipru	Senior application analyst		
M van Aardt	Baragwaneth Hospital Complex: Doctor		
J van de Heuvel	Department of Justice: Magistrate		
A Visser	Maintenance manager Wastewater		
S Zondo	City of Johannesburg: Operations manager		
BRAINPLAY		702	702
GJ Pieterse	Teacher		
BSP CONSULTING ENGINEERS (PTY) LTD			
A Plaatjies	Teacher	1 341	1 341
C & A FRIEDLANDER INC			
AW Bell	Higher education and Training	6 171	6 171
CHARMLU BUILDERS			
C Absolom	Administrative clerk	679	679
CLUVER MARKOTTER INC			
F Geyser	National Constitutional Development	561	561
J Hess	Western Cape Education		
A Pecoraro	Western Cape Health		
CNP PROJECTS (PTY) LTD			
C Pillay	South African National Defence Force: Chaplain	118	118
COEUR INVESTMENTS			
P Bell	Sports Facilitator	2 513	2 513
COMPUTER SPECIALISTS (PTY) LTD			
N Orrie	Senior Superintendent Wastewater	32	32
CONLOG			
N Moodley	Department of Health: Director	8 565	8 565
COURTESY MANAGEMENT (PTY) LTD			
F Khosa	Limpopo COGTA: Assistant director (Risk)	2 170	2 170
CPR TRUCK REPAIRS			
B Manuel	Administrative officer	1 129	1 129
CSM CONSULTING SERVICES (PTY) LTD			
A Vancoillie	Department Planning: Chief Town Planner	458	458
CSV CONSTRUCTION			
M Davids	Provincial Government: Training post	38 627	38 627
DEMOCRATIC PACKAGING CC			
V van der Heever	Teacher	50	50
DEO FAVENTE (PTY) LTD			
C Snell	Intern: Lentegeur Hospital	228	228

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
DESIGNTEC PRINTING CC		79	79
M Mshweshwe	Manager: Access to information		
DS GXILISHE		46	46
B Gxilishe	Department of Agriculture and Fisheries		
S Gxilishe	Western Cape Education Department		
EAS INFRASTRUCTURE ENGINEERS		6 459	6 459
J Brown	Coordinator Human Settlements		
ELEMENT CONSULTING ENGINEERS		19 530	19 530
R Rossouw	Teacher		
EPI USE AFRICA (PTY) LTD		18 443	18 443
J Alberts	Education Department: Deputy principal		
E Janse van Rensburg	Road Accident Fund: Senior Manager Office		
EMPA STRUCTURES (PTY) LTD		1 789	1 789
G Petersen	Western Cape Education		
EMPIRE		457	457
B Botto	Worcester Hospital: Medical intern		
ERNST AND YOUNG ADVISORY SERVICES		5 584	5 584
M Makhakhe	Gauteng Department of Health: Medical doctor		
DF Maree	City of Johannesburg: Manager		
K Maree	National Treasury: Acting accountant general		
N Morrison	Pretoria Military Sports Club: Bookkeeper		
E Motsamai	Gauteng Department of Education: Manager		
DP Nathoo	Gauteng Department of Health: Registrar		
N Panday	Gauteng Department of Health: Pharmacist		
EVERY FLUSH TOILET HIRE		16	16
N Stimela	SAPS: Warrant officer		
FAYDIES CORPORATE GIFTS		3 836	3 836
MF Votersen	Finance: Manager		
FG JACOBS TRANSPORT CC		11 335	11 335
H Poole	Teacher		
FIKELELA LABOUR SERVICES		3 757	3 757
D Joseph	Member of Parliament		
G NKOMO INCORPORATED		558	558
M Nkomo	Department of Justice: State Prosecutor		
GIBB		172 804	172 804
D Alderman			
I Brink			
C Clark			
L Cloete			
J Gooch			
C Hering			
S Jaffa			
N Mkhize			

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
GIBB - continued			
A Moon	Head: Business continuity		
D O'Reilly	South African Police Service: Warrant officer		
A Petersen	Department of Education: Subject specialist		
S Singh	Department of education: Human resource officer		
GREENRO SOLUTINS (PTD) LTD		20 911	20 911
N Thabeng	South African Police Service: Forensic analyst		
HAYES INCORPORATED		543	543
F Akherwaray	Support assistant		
HEROLD GIE ATTORNEYS		2 321	2 321
K Meyer	Senior clerk		
HOWDEN PROJECTS		89	89
Z Chingwar	Department of Health: Deputy director		
IKAMVA YOUTH ENTREPRENEURSHIP DEVELOPMENT		131	131
T Mouton	Cape Winelands: Health inspector		
IKAPA RETICULATION CC		43 648	43 648
S Davids	Teacher		
C Davids	Teacher		
IMMEX WASTE		8 622	8 622
A Dorfling	Department of Education: Therapist		
INDECON INSTRUMENTATION		6 133	6 133
L Baranard	Teacher		
ISIDIMA CIVILS (PTY) LTD		34 216	34 216
S Manuel	Administrative officer		
ISUZU TRUCK CENTRE		182 792	182 792
E Jacobs	Senior clerk		
ITHALOMSO (PTY) LTD		87 920	87 920
S Fumba	GIS administrator		
JG AFRIKA (PTY) LTD		30 281	30 281
R Maharaj	Umgeni: Water Planner		
JVZ CONSTRUCTION (PTY) LTD		2 058	2 058
R Matthee	Correctional Services: Security officer		
KEMANZI (PTY) LTD		5 880	5 880
J du Toit	Traffic inspector		
KEMP EN GENOTE		3 348	3 348
M Williams	Stellenbosch Municipality: Legal advisor		
KEPTRA TRADING		2 062	2 062
R Marias	Teacher		
LIKHONA LETHU SERVICES		10 951	10 951
Z Rafu	South African Police Service		
LILIAN4ZONKE		1 915	1 915
F Monk	Subcouncil manager		
N Monk	EPWP clerk		
LINDOL HYGIENE SERVICES (PTY) LTD		895	895
N Jantjies	Teacher		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
LJA CONSTRUCTION CC L Mckriel	Teacher	1 915	1 915
MAGUGA ATTORNEYS INC K Mgengwana	South African Police Service: Senior administrator	1 986	1 986
MALHERBE TUBB FAURE INC T/A MHI ATTORNEY J Rossouw	Department of Transport: Administrative officer	1 409	1 409
MARKET TOYOTA CULEMBORG E Jacobs	Senior clerk	143	143
MASSIVE QUANTUM (PTY) LTD F Hendricks	Administrative officer	83	83
MPULUZANA TRADING N Ngwema	Department of Health: Deputy director	2 259	2 259
NCC ENVIRONMENTAL SERVICES (PTY) LTD C Rhoda	Invasive Species Programme manager	12 700	12 700
NEOTERIC TRADING SERVICES A Jacobs	Cape Agulhas Municipality: Director	287	287
NORTON ROSE FULBRIGHT SOUTH AFRICA G Adams S Clay E Maubane F Nonhlanhla C Sunpath H Sunpath	Deputy principal Teacher South African Police Service: HR administrator Department of Justice: Telecom operator Department of Health: Medical doctor Department of Health: Chief technical advisor	1 346	1 346
PEGASYS P Grey D Quin E Warambwa B Weston	Professional Officer National Prosecuting Authority: Senior crime analyst Municipal Infrastructure: Professional engineer Water and Sanitation: Scientific manager	24 695	24 695
PISTON POWER CHEMICALS (PTY) LTD N Andhee	KZN Education Department: Educator	8 995	8 995
PSA AFRICA (PTY) LTD T Frost	Department of Justice	1 623	1 623
PURPLE ROSE DISTRIBUTORS CC C Hector M Hector	Quality assessor Medical doctor	4	4
RED ANT SECURITY RELOCATION AND EVICTION N Lesiela	Mogale: Design and development: practitioner	62 407	62 407
REEDS BELLVILLE E Jacobs	Senior clerk	837	837
REEDS CLAREMONT E Jacobs	Senior clerk	777	777
REEDS N1 CITY E Jacobs	Senior clerk	328	328

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
REMARKABLE CHARLES ENTERPRISE (PTY) LTD		7	7
V Charles	Administrative officer		
RNR AMBITION		47	47
C de Vos	Koggelbay resort: Worker		
ROYAL HASKONINGDHV (PTY) LTD		907	907
L Dladla	Department of Health: Deputy director		
T Sithole	City of Johannesburg: Associate director		
SAN BUILDING MAINTENANCE CC		3 105	3 105
B Ascott	Financial coordinator		
SANCCOB		435	435
P Cilliers	SAP ERP analyst		
L Roberts	Department of Agriculture: State veterinarian		
SMART CIVIL CONSTRUCTION		11 753	11 753
N Molefe	Head: Debt management services		
SM NEVEST T/A MICHLOENG ENGINEERING SERVICE		199	199
G Neves	Teacher		
SPILL TECH		66	66
S Goosen	Transnet		
SR CIVIL CONTRACTORS (PTY) LTD		5 950	5 950
E de Wet	Senior fleet officer		
STEDONE DEVELOPMENTS		27 823	27 823
L Dube	Department of Transport: Clerk		
STELMED		2 769	2 769
C Combrink	Educator		
SUCCIDO ENTERPRISES		745	745
L Kramm	Administrator		
TEMPUS DYNAMICS		1 094	1 094
M Mvalo	Professional officer		
TERRATECH		98	98
AJM Pretorius	University of Johannesburg		
THE OIL CENTRE		4 223	4 223
LB Mdyogolo	Educator		
TJEKA TRAINING MATTERS (PTY) LTD		5 358	5 358
B Nlantli	Clerk		
TOXSOLUTIONS KITS AND SERVICES CC		624	624
G Pearson	Rand Water: Senior education advisor		
TRAFFIC MANAGEMENT TECHNOLOGIES		98 599	98 599
G Aspeling	Principal mechanical engineer		
TRANSPORT TELEMATICS AFRICA		28 046	28 046
JJE Groenewald	PG: Transport and Public works		
UNAKO HOLDINGS (PTY) LTD		9	9
T Vapi	Correctional services		
VINZEIGH LEUKES TRADING		32	32
J Fortuin	Department of Rural development: Chief director		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (continued)

41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

41.4.3 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
		2022	2022
VONDO TRADING		9 395	9 395
N Nevondo	Department of human settlements		
VR MEDICAL		66	66
R Broadhurst	Teacher		
WEBBER WENTZEL		15 928	15 928
J Abraham	School secretary		
J Botha	Teacher		
P Coetzee	Tshwane Metro Police Department: Commander Colonel		
N Dias	Senior legal advisor		
B Mahlangu	School principal		
P Masedi	City of Johannesburg: Manager		
K Nonyane	Petro SA: Senior planning technician		
H Prinsloo	DBSA: Principal risk analyst		
S Qolohle	National Treasury: Director		
A Smit	SAA: Senior cabin crew member		
JCL Smit	Beaufort West Municipality: Director		
A Truter	West Coast Education: Chief specialist		
C Truter	School principal		
P van den Brink	Wesgro: Project manager		
B Watson	Public investment corporation: Director		
E Watson	Board of directors: Member		
WILSTAN BOOK SUPPLIES CC		1 245	1 245
V Beukes	Senior Professional officer		
YIZA APHA TRADING		195	195
A Kelland	Senior clerk		
ZELUNGA INVESTMENTS		46	46
N Biyase	Department of Water and Sanitation: Assistant technical officer		
T Biyase	KZN Department of education: Cleaner		
ZUTARI (PTY) LTD		195 982	195 982
HC Ahlschlager	Special Investigating Unit: Legal representative		
K Nadasen	NDPW: Director		
		1 306 425	
INDIVIDUALS			
M Brink	Doctor	473	
MA Matookane; JK Netshitenzhe	Ekurhuleni Metropolitan: Project Manager; Department of Energy: Director	159	
P Naidoo	City of Cape Town: Project manager	1413	
Y Phosa	City of Tshwane: Deputy director	612	
		2 657	
TOTAL		1 309 082	1 306 425

See annexure F for the 2021 list.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2022

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable in financial year	Balance as at 30 June 2021	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2022
CITY OF CAPE TOWN									
MARKETABLE BONDS									
Municipal Bond CCT01	12,570	830014004	2023	1 002 747	-	-	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 206 474	-	381	-	-	1 206 855
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04 (green bond)	10,170	830019504	2028	679 702	-	(4 570)	-	(100 000)	575 132
TOTAL MARKETABLE BONDS ¹				4 954 428	-	(4 189)	-	(100 000)	4 850 239
CONCESSIONARY LOANS									
AFD	5,763	830018500	2028	259 470	-	(676)	6 235	(40 000)	225 029
AFD	5,730	830018516	2028	259 191	-	(672)	6 298	(40 000)	224 817
AFD	5,755	830018530	2028	259 406	-	(675)	6 250	(40 000)	224 981
AFD	5,800	830018523	2028	253 050	-	(662)	6 003	(38 961)	219 430
KfW	8,107	830020016	2034	962 517	-	(877)	13 582	(85 867)	889 355
TOTAL CONCESSIONARY LOANS				1 993 634	-	(3 562)	38 368	(244 828)	1 783 612
OTHER LOANS									
DBSA	9,639	830013000	2023	20 000	-	-	-	(13 333)	6 667
DBSA	10,565	830013507	2023	20 000	-	-	-	(13 333)	6 667
TOTAL OTHER LOANS				40 000	-	-	-	(26 666)	13 334
TOTAL				6 988 062	-	(7 751)	38 368	(371 494)	6 647 185

¹ 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 2022

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Assets under construction	17 976	(1 783)	1 336	-	-	17 529	(16 091)	-	-	-	-	(16 091)	1 438
Vacant land	1 399 065	-	129 318	-	(12)	1 528 371	(280 826)	-	-	(25 413)	-	(306 239)	1 222 132
Land and buildings	4 710 132	133 252	108 985	-	(7 100)	4 945 269	(2 002 132)	(341)	(88 525)	127 752	7 013	(1 956 233)	2 989 036
	6 127 173	131 469	239 639	-	(7 112)	6 491 169	(2 299 049)	(341)	(88 525)	102 339	7 013	(2 278 563)	4 212 606
Infrastructure													
Assets under construction	3 707 170	(1 658 367)	1 477 364	-	-	3 526 167	-	-	-	-	-	-	3 526 167
Telecommunications	1 404 686	26 591	88 399	-	(7)	1 519 669	(448 129)	(37)	(95 465)	-	1	(543 630)	976 039
Drains	1 668 588	49 237	33 693	-	-	1 751 518	(608 444)	-	(61 691)	-	-	(670 135)	1 081 383
Roads	15 720 889	370 015	361 665	-	(1 426)	16 451 143	(5 121 124)	(61)	(524 995)	(2 223)	1 215	(5 647 188)	10 803 955
Beach improvements	189 979	-	2 354	-	-	192 333	(45 650)	-	(5 900)	-	-	(51 750)	140 583
Sewerage mains and purification	6 846 511	532 754	531 241	-	-	7 910 506	(2 640 009)	(72)	(181 727)	-	-	(2 821 808)	5 088 698
Security	1 787 852	10 109	189 256	-	(1 841)	1 985 376	(859 354)	849	(155 242)	-	725	(1 013 022)	972 354
Electricity peak-load equipment and mains	11 853 022	211 073	557 330	-	-	12 621 425	(3 761 185)	(40)	(266 473)	-	-	(4 027 698)	8 593 727
Water mains and purification	6 454 766	209 719	401 467	-	-	7 065 952	(2 407 344)	-	(169 325)	(698)	-	(2 577 367)	4 488 585
Reservoirs - water	1 668 438	28 542	45 713	-	-	1 742 693	(491 160)	-	(25 370)	-	-	(516 530)	1 226 163
	51 301 901	(220 327)	3 688 482	-	(3 274)	54 766 782	(16 382 599)	639	(1 486 188)	(2 921)	1 941	(17 869 128)	36 897 654
Community assets													
Assets under construction	102 181	(63 607)	39 241	-	-	77 815	-	-	-	-	-	-	77 815
Parks and gardens	354 110	3 748	2 743	-	-	360 601	(89 787)	-	(11 939)	-	-	(101 726)	258 875
Libraries	354 831	2 288	99	-	-	357 218	(102 987)	-	(6 410)	-	-	(109 397)	247 821
Recreational facilities	1 433 655	35 487	65 108	-	-	1 534 250	(681 090)	(61)	(47 083)	-	-	(728 234)	806 016
Civic buildings	3 058 537	18 124	114 358	-	(171)	3 190 848	(883 668)	751	(52 240)	-	64	(935 093)	2 255 755
	5 303 314	(3 960)	221 549	-	(171)	5 520 732	(1 757 532)	690	(117 672)	-	64	(1 874 450)	3 646 282
Other assets													
Assets under construction	387 618	(134 100)	203 547	-	-	457 065	-	-	-	-	-	-	457 065
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 255 877	155 119	192 965	-	-	1 603 961	(752 918)	-	(32 154)	-	-	(785 072)	818 889
Furniture, fittings and equipment	1 428 456	5 795	148 238	-	(24 692)	1 557 797	(1 027 842)	(131)	(106 971)	-	23 009	(1 111 935)	445 862
Bins and containers	72 975	294	5 697	-	(1 264)	77 702	(51 803)	-	(5 886)	-	1 242	(56 447)	21 255
Emergency equipment	87 833	70	533	-	(862)	87 574	(53 386)	-	(9 941)	-	-	(62 662)	24 912
Motor vehicles and watercraft	2 474 462	-	291 103	-	(110 519)	2 655 046	(1 013 778)	-	(228 818)	(1 937)	92 726	(1 151 807)	1 503 239
Plant and equipment	1 374 125	28 020	64 372	-	(10 139)	1 456 378	(893 529)	(244)	(107 369)	-	8 815	(992 327)	464 051
Specialised vehicles	2 468 464	(616)	270 313	-	(19 276)	2 718 885	(1 048 123)	43	(155 328)	(71)	15 814	(1 187 665)	1 531 220
Computer equipment	2 669 582	1 273	185 608	-	(235 835)	2 620 628	(2 022 528)	(183)	(231 694)	-	233 707	(2 020 698)	599 930
	12 220 641	55 855	1 362 376	-	(402 587)	13 236 285	(6 865 156)	(515)	(878 161)	(2 008)	375 978	(7 369 862)	5 866 423
Living resources													
Animals	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
Service concession assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 864 991	(60)	945	-	(156)	4 865 720	(2 118 315)	43	(180 942)	-	95	(2 299 119)	2 566 601
Busses and depots	1 478 416	-	-	-	(18 534)	1 459 882	(760 469)	-	(44 739)	-	14 493	(790 715)	669 167
	6 343 407	(60)	945	-	(18 690)	6 325 602	(2 878 784)	43	(225 681)	-	14 588	(3 089 834)	3 235 768
Housing rental stock	3 329 058	5 735	34 937	-	(4 779)	3 364 951	(1 262 209)	-	(106 659)	-	4 118	(1 364 750)	2 000 201
TOTAL PPE	84 626 719	(31 288)	5 547 928	-	(436 671)	89 706 688	(31 445 978)	516	(2 903 078)	97 410	403 759	(33 847 371)	55 859 317

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

AS AT 30 JUNE 2022

Rand thousands (R'000)

	COST					ACCUMULATED DEPRECIATION						Carrying value	
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals		Closing balance
Heritage assets													
Paintings and museum items	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(63 109)	-	(1 714)	-	-	(64 823)	59 678
	642 643	-	-	-	-	642 643	(63 109)	-	(1 714)	-	-	(64 823)	577 820
Intangible assets													
Assets under construction	-	-	5 652	-	-	5 652	-	-	-	-	-	-	5 652
Acquisition of rights	561 441	-	-	-	-	561 441	(494 996)	-	(50 162)	-	-	(545 158)	16 283
Computer software	1 397 175	54 082	99 027	-	(40 835)	1 509 449	(834 335)	(516)	(110 598)	-	40 798	(904 651)	604 798
	1 958 616	54 082	104 679	-	(40 835)	2 076 542	(1 329 331)	(516)	(160 760)	-	40 798	(1 449 809)	626 733
TOTAL OTHER	2 611 527	54 082	104 679	-	(40 835)	2 729 453	(1 392 440)	(516)	(162 474)	-	40 798	(1 514 632)	1 214 821
GRAND TOTAL PPE AND OTHER	87 238 246	22 794	5 652 607	-	(477 506)	92 436 141	(32 838 418)	-	(3 065 552)	97 410	444 557	(35 362 003)	57 074 138

¹ See note 38 for more details.

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

AS AT 30 JUNE 2022

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Vacant land	1 399 065	-	129 318	-	(12)	1 528 371	(280 826)	-	-	(25 413)	-	(306 239)	1 222 132
Land and buildings	3 287 104	131 469	105 106	-	(7)	3 523 672	(847 774)	(341)	(67 210)	-	-	(915 325)	2 608 347
	4 686 169	131 469	234 424	-	(19)	5 052 043	(1 128 600)	(341)	(67 210)	(25 413)	-	(1 221 564)	3 830 479
Infrastructure													
Assets under construction	3 707 170	(1 658 367)	1 477 364	-	-	3 526 167	-	-	-	-	-	-	3 526 167
Telecommunications	1 404 686	26 591	88 399	-	(7)	1 519 669	(448 129)	(37)	(95 465)	-	1	(543 630)	976 039
Drains	1 668 688	49 237	33 693	-	-	1 751 518	(608 444)	-	(61 691)	-	-	(670 135)	1 081 383
Roads	15 720 889	370 015	361 665	-	(1 426)	16 451 143	(5 121 124)	(61)	(524 995)	(2 223)	1 215	(5 647 188)	10 803 955
Beach improvements	189 979	-	2 354	-	-	192 333	(45 850)	-	(5 900)	-	-	(51 750)	140 583
Sewerage mains and purification	6 846 511	532 754	531 241	-	-	7 910 506	(2 640 009)	(72)	(181 727)	-	-	(2 821 808)	5 088 698
Security	1 787 852	10 109	189 256	-	(1 841)	1 985 376	(859 354)	849	(155 242)	-	725	(1 013 022)	972 354
Electricity peak-load equipment and mains	11 853 022	211 073	557 330	-	-	12 621 425	(3 761 185)	(40)	(266 473)	-	-	(4 027 698)	8 593 727
Water mains and purification	6 454 766	209 719	401 467	-	-	7 065 952	(2 407 344)	-	(169 325)	(698)	-	(2 577 367)	4 488 585
Reservoirs - water	1 668 438	28 542	45 713	-	-	1 742 693	(491 160)	-	(25 370)	-	-	(516 530)	1 226 163
	51 301 901	(220 327)	3 688 482	-	(3 274)	54 766 782	(16 382 599)	639	(1 486 188)	(2 921)	1 941	(17 869 128)	36 897 654
Community assets													
Assets under construction	102 181	(63 607)	39 241	-	-	77 815	-	-	-	-	-	-	77 815
Parks and gardens	354 110	3 748	2 743	-	-	360 601	(89 787)	-	(11 939)	-	-	(101 726)	258 875
Libraries	354 831	2 288	99	-	-	357 218	(102 987)	-	(6 410)	-	-	(109 397)	247 821
Recreational facilities	1 433 655	35 487	65 108	-	-	1 534 250	(681 090)	(61)	(47 083)	-	-	(728 234)	806 016
Civic buildings	3 058 537	18 124	114 358	-	(171)	3 190 848	(883 668)	751	(52 240)	-	64	(935 093)	2 255 755
	5 303 314	(3 960)	221 549	-	(171)	5 520 732	(1 757 532)	690	(117 672)	-	64	(1 874 450)	3 646 282
Other assets													
Assets under construction	387 618	(134 100)	203 547	-	-	457 065	-	-	-	-	-	-	457 065
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 255 877	155 119	192 965	-	-	1 603 961	(752 918)	-	(32 154)	-	-	(785 072)	818 889
Furniture, fittings and equipment	1 374 165	5 795	148 175	-	(15 750)	1 512 385	(988 873)	(131)	(101 089)	-	14 109	(1 075 984)	436 401
Bins and containers	72 975	294	5 697	-	(1 264)	77 702	(51 803)	-	(5 886)	-	1 242	(56 447)	21 255
Emergency equipment	87 833	70	533	-	(862)	87 574	(53 386)	-	(9 941)	-	665	(62 662)	24 912
Motor vehicles and watercraft	2 388 736	-	290 094	-	(108 989)	2 569 841	(963 221)	-	(224 187)	(1 937)	91 216	(1 098 129)	1 471 712
Plant and equipment	1 374 125	28 020	64 372	-	(10 139)	1 456 378	(893 529)	(244)	(107 369)	-	8 815	(992 327)	464 051
Specialised vehicles	2 468 464	(616)	270 313	-	(19 276)	2 718 885	(1 048 123)	43	(155 328)	(71)	15 814	(1 187 665)	1 531 220
Computer equipment	2 591 623	1 273	185 151	-	(229 064)	2 548 983	(1 957 712)	(183)	(227 258)	-	226 938	(1 958 215)	590 768
	12 002 465	55 855	1 360 847	-	(385 344)	13 034 023	(6 710 814)	(515)	(863 212)	(2 008)	358 799	(7 217 780)	5 816 273
Living resources													
Animals	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
Service concession assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 864 991	(60)	945	-	(156)	4 865 720	(2 118 315)	43	(180 942)	-	95	(2 299 119)	2 566 601
Busses and depots	1 478 416	-	-	-	(18 534)	1 459 882	(760 469)	-	(44 739)	-	14 493	(790 715)	669 167
	6 343 407	(60)	945	-	(18 690)	6 325 602	(2 878 784)	43	(225 681)	-	14 588	(3 089 834)	3 235 768
Housing rental stock	3 329 058	5 735	34 937	-	(4 779)	3 364 951	(1 262 209)	-	(106 659)	-	4 118	(1 364 750)	2 000 201
TOTAL PPE	82 967 739	(31 288)	5 541 184	-	(412 335)	88 065 300	(30 121 187)	516	(2 866 814)	(30 342)	379 567	(32 638 260)	55 427 040

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

AS AT 30 JUNE 2022

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(63 109)	-	(1 714)	-	-	(64 823)	59 678
	642 643	-	-	-	-	642 643	(63 109)	-	(1 714)	-	-	(64 823)	577 820
Intangible assets													
Assets under construction	-	-	5 652	-	-	5 652	-	-	-	-	-	-	5 652
Acquisition of rights	561 441	-	-	-	-	561 441	(494 996)	-	(50 162)	-	-	(545 158)	16 283
Computer software	1 382 575	54 082	95 397	-	(33 417)	1 498 637	(824 385)	(516)	(107 471)	-	33 400	(898 972)	599 665
	1 944 016	54 082	101 049	-	(33 417)	2 065 730	(1 319 381)	(516)	(157 633)	-	33 400	(1 444 130)	621 600
TOTAL OTHER	2 596 927	54 082	101 049	-	(33 417)	2 718 641	(1 382 490)	(516)	(159 347)	-	33 400	(1 508 953)	1 209 688
GRAND TOTAL PPE AND OTHER	85 564 666	22 794	5 642 233	-	(445 752)	90 783 941	(31 503 677)	-	(3 026 161)	(30 342)	412 967	(34 147 213)	56 636 728

¹ See note 38 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 2022

Rand thousands (R'000)

	2022	2021	2020
CITY OF CAPE TOWN			
BANK ACCOUNTS HELD WITH			
Nedbank			
Main bank	275 930	189 554	242 494
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
Amortised cost	275 930	189 554	242 494
ABSA			
IRT bank	-	5 581	7 882
Amortised cost	-	5 581	7 882
Amortised cost - see note 10	275 930	195 135	250 376
CONTROLLED ENITIES			
CTICC			
BANK ACCOUNTS			
ABSA Bank - current	2	25	31
ABSA Bank - CTICC east - current	-	-	1
ABSA Bank - exh serv - current	4	7	21
ABSA Bank Treasury	-	-	1
ABSA Bank - Convenco	-	-	1
Nedbank - CTICC main current	1 432	1 297	1 613
Nedbank - CTICC payroll	17	37	129
Nedbank - CTICC east	6	2	35
Nedbank - CTICC merchant services	16	32	12
Nedbank - CTICC E-commerce	-	1	1
Amortised cost	1 477	1 401	1 845
Cape Town Stadium (RF) SOC LTD	5 518	-	-
TOTAL BANK BALANCES	282 925	196 536	252 221
CITY OF CAPE TOWN			
BANK ACCOUNTS MANAGED BY FUND MANAGERS			
Nedbank			
City of Cape Town	180	702	883
City of Cape Town	66	139	63
City of Cape Town	15 857	1 206	1 394
City of Cape Town	2 328	1 823	1 463
City of Cape Town	9 626	4 102	5 301
City of Cape Town	1 227	601	679
City of Cape Town	215	277	229
City of Cape Town	1 717	617	647
City of Cape Town	136	94	460
City of Cape Town	9	426	286
Fair value - see note 10	31 361	9 987	11 405

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 2022

Rand thousands (R'000)

	2022	2021	2020
CONTROLLED ENTITIES			
CTICC			
INVESTMENT ACCOUNTS			
Nedbank - call deposit	-	-	-
ABSA Bank - call deposit	-	-	-
First National Bank - RMB investment	-	-	-
Stanlib - bank	8 825	3 623	30 462
Investec - bank	10 520	3 493	37 012
ABSA Bank - call deposit	-	-	-
Nedgroup - money market fund	7 094	3 174	34 915
Nedgroup - corporate money market	7 812	3 099	32 274
ABSA Bank - call account	174	168	162
ABSA Bank - CTICC money market fund	12 010	3 744	33 915
ABSA Bank - guarantee	-	-	-
Nedbank - CTICC daily call deposit	2 544	3 280	229
Amortised cost	48 979	20 581	168 969

SHORT-TERM DEBT FACILITIES

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

	2022	2021
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	150 000	150 000
Guarantee facility (non-cash-covered)	30 000	30 000
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 2022

Rand thousands (R'000)

		National and Province grant funds							
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
NATIONAL GOVERNMENT									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(293)	-	(209)	-	209	-	-	(293)
City Public Employment Programme (PEP)	NT Intergovernmental Relations	-	(161 000)	6 635	154 365	-	-	-	-
Contributed Assets	Department Water and Sanitation	-	-	(432)	-	432	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(149)	(220)	-	55	-	-	-	(314)
DME - INEP	Energy	(5)	-	-	-	-	-	-	(5)
Energy Efficiency Electricity Demand Side Management	Energy	-	(10 000)	12	1 084	8 904	-	-	-
Equitable ShareL Covid 19 Relief	National Treasury	(144 562)	-	1 827	142 735	-	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(49 772)	1	49 072	699	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	(518 140)	57 363	6 243	449 154	-	-	(5 380)
Infrastructure Skills Development	National Treasury	(1 534)	(12 000)	1 640	9 318	1 081	-	-	(1 495)
Integrated City Development Grant	National Treasury	(6 046)	-	1 963	-	3 976	-	-	(107)
Municipal Disaster Recovery Grant	Department of Corporate Governance	(30)	-	-	-	-	-	-	(30)
National Skills Fund	Department of Higher Education and Training	(2 409)	(21 325)	-	18 543	-	-	-	(5 191)
Neighbourhood Development Programme	National Treasury	(7 950)	(10 399)	8 217	-	10 132	-	-	-
Philippi Agri-Hub	General Budget Support Allocation	-	(9 472)	48	9 558	-	-	(134)	-
Programme and Project Preparation Support	National Treasury	-	(70 890)	7 612	61 954	-	-	-	(1 324)
Public Transport Network Grant	Transport	(15 385)	(948 640)	152 483	468 579	307 787	-	-	(35 176)
Public Transport Network Grant - BFI	Transport	(14 368)	-	(78 533)	-	92 901	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(1 459)	-	-	-	59	-	-	(1 400)
Special Projects	Environmental Affairs	-	-	47	-	-	-	(47)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	-	-	20	-	-	-	(20)	-
Tirelo Boshia Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(111 078)	(972 431)	171 366	113 551	751 509	-	-	(47 083)
TOTAL DORA ALLOCATION		(305 343)	(2 785 289)	330 060	1 036 057	1 626 843	-	(201)	(97 873)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		(320)	-	-	-	-	-	-	(320)
National Skills Fund: Interest account		(44)	-	-	-	-	(113)	-	(157)

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

		National and Province grant funds							
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Natural Resource Management: Interest account		(12)	-	-	-	-	-	-	(12)
Neighbourhood Development Programme: Interest account		(3 511)	-	-	-	-	(375)	-	(3 886)
Peninsula Wetlands Rehabilitation Project: Interest account		(17)	-	-	-	-	(1)	-	(18)
Philippi Agri-Hub: Interest account		-	-	-	33	-	(33)	-	-
Public Transport Infrastructure Systems Grant: Interest account		(188 497)	-	11 388	3 860	-	(7 650)	-	(180 899)
Public Transport Infrastructure Grant: Interest account		(43 554)	-	-	-	-	(1 783)	-	(45 337)
Public Transport Network Grant: Interest account		(127 251)	-	-	-	-	(25 403)	-	(152 654)
Public Transport Network Grant - BFI: Interest account		(1 541)	-	-	-	-	(117)	-	(1 658)
Public Transport Network Operations Grant: Interest account		(17 790)	-	-	-	-	(728)	-	(18 518)
Smart Living Handbook: Interest account		(118)	-	-	-	-	(5)	-	(123)
TOTAL INTEREST EARNED		(382 901)	-	11 388	3 893	-	(36 208)	-	(403 828)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		(688 244)	(2 785 289)	341 448	1 039 950	1 626 843	(36 208)	(201)	(501 701)
PROVINCE									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	(152)	269	-	-	-	(5 695)
Contributed Assets: IT equipment	Health	-	-	(2 000)	-	2 000	-	-	-
Community Residential Units	Human Settlements	(234)	-	-	-	-	-	-	(234)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	13 340	-	-	-	(13 340)	-
Delft The Hague / Roosendal Eindhoven	Human Settlements	-	-	(36 169)	50 906	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	6 732	-	-	-	(6 732)	-
Edward Road Energy Efficient Project	Human Settlements	(4 215)	-	-	-	-	(173)	-	(4 388)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(3 584)	-	(126)	-	-	-	-	(3 710)

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

		National and Province grant funds							
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	50 538	(50 538)	-	-	-	-
Eradication of Registration Backlog	Human Settlements	(8)	-	-	-	-	-	-	(8)
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)
Facilitation Grants	Human Settlements	(32)	-	-	-	-	(1)	-	(33)
Financial Management Capacity Building Grant	Treasury	(7)	(250)	-	169	-	(8)	-	(96)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	1 881	-	-	-	(1 881)	-
Fisantekraal , Greenville, Phase 3	Human Settlements	-	-	2 168	26 564	-	-	(28 732)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(4)	-	-	-	-	-	-	(4)
Glenhaven Social Housing Project	Human Settlements	-	-	-	-	-	-	-	-
Government Grant Community Development Workers	WCG Local Government	(1 647)	(1 001)	-	1 925	-	-	-	(723)
Green Point Phase 2 Housing	Human Settlements	(736)	-	736	-	-	-	-	-
Greenville Housing Ph 4 Tops	Human Settlements	-	-	-	9 063	-	-	(9 063)	-
Gugulethu Housing Infill Project	Human Settlements	(23 261)	-	(27 968)	29 878	-	-	-	(21 351)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Harare Infill Housing	Human Settlements	-	-	(46 886)	92 676	-	-	(45 790)	-
Hazendal Infill - Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)
Heideveld Housing Infill	Human Settlements	(1 491)	-	-	-	-	-	-	(1 491)
HIV/AIDS Community Based Response Projects	Health	(15 305)	(273 247)	-	300 980	-	-	(12 428)	-
Housing Settlements Development Grant	Human Settlements	(59 845)	(171 430)	152 191	-	-	-	-	(79 084)
HP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	1 965	-	-	-	-	-
IDA Projects: Urban Engineering	Human Settlements	(285)	-	-	12 344	-	-	(12 059)	-
Informal Settlements	Human Settlements	-	(1 500)	-	1 233	-	-	-	(267)

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

		National and Province grant funds							
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	(1 239)	(349)	-	1 588	-	-	-	-
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	907	-	-	-	(907)	-
Khayelitsha Site C Subsidies	Human Settlements	(5 622)	-	-	-	-	(231)	-	(5 853)
Kleinvlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Community Safety	(1 135)	(4 629)	-	2 209	2 668	(83)	-	(970)
Law Enforcement Officers - LEAP	Community Safety	(176 665)	(165 250)	3 173	313 950	19 216	(5 914)	-	(11 490)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(4 410)	(5 338)	1 000	6 031	-	(159)	-	(2 876)
Library Metro Grant	Cultural Affairs and Sport	(416)	(5 400)	-	-	5 725	(91)	-	(182)
Local Government Public Employment Support (PEP)	PAWC Local Government	-	(17 600)	-	14 315	-	-	-	(3 285)
Metropolitan Land Transport Fund	Transport and Public Works	(71)	(10 000)	-	10 019	-	(37)	-	(89)
Mitchell's Plain TA2	Human Settlements	(276)	-	276	-	-	-	-	-
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	(1 737)	2 795	-	-	-	(1 071)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	111	-	-	-	(55)
Municipal Library Support Fund	Cultural Affairs and Sport	-	(8 533)	-	8 533	-	(23)	-	(23)
NHBRC Enrollment Fees	Human Settlements	-	-	4 196	305	-	-	(4 501)	-
Nutrition Supplement Programme	Health	-	(3 289)	463	3 987	-	-	(1 161)	-
Occupancy Survey	Human Settlements	(278)	-	-	-	-	-	-	(278)
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	290	-	-	-	(31)
Peoples Housing Project	Human Settlements	(65 669)	-	(21 147)	39 485	-	(2 429)	-	(49 760)
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

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

FOR THE YEAR ENDED 30 JUNE 2022

Rand thousands (R'000)

		National and Province grant funds							
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital	Interest earned		
Pooke se Bos Housing Project	Human Settlements	-	-	-	2 591	-	-	(2 591)	-
Public Library Fund	Cultural Affairs and Sport	(400)	(43 116)	-	43 431	-	(425)	-	(510)
Rou Emoh Housing Development	Human Settlements	(214)	-	214	-	-	-	-	-
Sir Lowrys Pass HSDG Project	Human Settlements	-	-	-	305	-	-	(305)	-
Somerset West Housing Project	Human Settlements	-	-	(953)	-	-	-	-	(953)
TB Crisis Plan	Health	(698)	(41 026)	-	32 715	-	-	-	(9 009)
Title Deeds Restoration	Human Settlements	-	(12 400)	-	-	-	-	-	(12 400)
Tourism Safety Law Enforcement Unit	Community Safety	(86)	(1 834)	(1 747)	3 667	-	-	-	-
Vaccines	Health	(15 916)	(124 577)	-	112 443	-	-	-	(28 050)
Valhalla Park Integrated Housing Project	Human Settlements	-	-	(15 000)	15 000	-	-	-	-
Vrygrond	Human Settlements	(18)	-	-	-	-	-	-	(18)
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	(1 370)	(7 500)	-	8 870	-	-	-	-
TOTAL PROVINCE TRANSFERS AND GRANTS		(407 910)	(898 269)	85 895	1 098 109	29 609	(9 574)	(154 227)	(256 367)
Analysis of grants and subsidies									
Total National Government transfers and grants		(688 244)	(2 785 289)	341 448	1 039 950	1 626 843	(36 208)	(201)	(501 701)
Total Province transfers and grants		(407 910)	(898 269)	85 895	1 098 109	29 609	(9 574)	(154 227)	(256 367)
		(1 096 154)	(3 683 558)	427 343	2 138 059	1 656 452	(45 782)	(154 428)	(758 068)

¹ 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 2022

Rand thousands (R'000)

	2021/22										2020/21				
	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)	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
FINANCIAL PERFORMANCE															
Property rates	10 984 132	(317)	10 983 815	-	-	10 983 815	10 651 974	-	-	97	97	-	-	-	-
Service charges	22 396 466	(53 423)	22 343 043	-	-	22 343 043	23 028 637	-	-	103	103	-	-	-	-
Investment revenue	855 344	40 804	896 148	-	-	896 476	978 894	-	-	109	114	-	-	-	-
Transfers recognised - operational	5 710 848	419 879	6 130 727	-	-	6 131 536	5 820 898	-	-	96	103	-	-	-	-
Other own revenue	7 691 887	2 608 362	10 300 249	-	-	10 317 741	11 268 739	-	-	109	147	-	-	-	-
Total revenue (excluding capital transfers and contributions)	47 638 677	3 015 305	50 653 982	-	-	50 672 611	51 748 842	-	-	515	564	-	-	-	-
Employee costs	15 668 389	237 097	15 905 486	-	15 640	15 920 098	15 311 807	-	-	96	98	-	-	-	-
Remuneration of councillors	180 983	-	180 983	-	-	181 084	166 101	-	-	92	92	-	-	-	-
Debt impairment	2 716 859	(345 159)	2 371 700	-	-	2 371 700	2 715 039	-	-	120	105	-	-	-	-
Depreciation and asset impairment	3 064 593	59 978	3 124 571	-	-	3 119 472	3 095 894	-	-	99	101	-	-	-	-
Finance charges	794 747	(6 043)	788 704	-	(613)	788 091	776 622	-	-	99	98	-	-	-	-
Materials and bulk purchases	14 890 661	1 957 099	16 847 760	-	72 250	16 921 665	17 346 967	-	-	103	117	-	-	-	-
Transfers and grants	473 121	96 871	569 992	-	(29 796)	540 196	406 842	-	-	77	88	-	-	-	-
Other expenditure	10 782 063	963 154	11 745 217	-	(57 481)	11 679 772	10 862 491	-	-	94	102	-	-	-	-
Total expenditure	48 571 416	2 962 997	51 534 413	-	-	51 522 078	50 681 763	-	-	779	799	-	-	-	-
Surplus/(deficit)	(932 739)	52 308	(880 431)	-	-	(849 467)	1 067 079	-	-	-	(136)	-	-	-	-
Transfers recognised - capital	3 272 826	(1 328 857)	1 943 969	-	-	1 943 969	1 863 800	-	-	96	57	-	-	-	-
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	2 480	-	-	-	-	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	2 340 087	(1 276 549)	1 063 538	-	-	1 094 502	2 933 359	-	-	96	(79)	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	2 340 087	(1 276 549)	1 063 538	-	-	1 094 502	2 933 359	-	-	96	(79)	-	-	-	-
CAPITAL EXPENDITURE AND FUNDS SOURCES															
Transfers recognised - capital	3 066 644	(1 333 391)	1 733 253	-	-	1 733 253	1 654 036	-	-	95	54	-	-	-	-
Public contributions and donations	72 198	(12 862)	59 336	-	-	59 336	47 095	-	-	79	65	-	-	-	-
Borrowing	2 500 000	(1 300 000)	1 200 000	-	-	1 200 000	994 517	-	-	83	40	-	-	-	-
Internally generated funds	2 687 097	429 168	3 116 265	-	-	3 115 493	2 740 918	-	-	88	102	-	-	-	-
Total sources of capital funds	8 325 939	(2 217 085)	6 108 854	-	-	6 108 082	5 436 566	-	-	89	65	-	-	-	-
CASH FLOWS															
Net cash from (used) operating	5 647 569	(1 295 408)	4 352 161	-	-	4 410 660	5 923 330	-	-	133	103	-	-	-	-
Net cash from (used) investing	(8 411 512)	2 147 818	(6 263 694)	-	-	(6 289 922)	(5 348 759)	-	-	85	63	-	-	-	-
Net cash from (used) financing	2 145 615	(1 229 440)	916 175	-	-	916 175	(371 494)	-	-	(41)	(17)	-	-	-	-
Cash/cash equivalents at the year end	5 194 177	(374 463)	7 147 855	-	-	7 167 674	8 351 396	-	-	116,51	-	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	(618 328)	(374 463)	(995 358)	-	-	(963 087)	203 077	-	-	-	-	-	-	-	-

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

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

ANNEXURE F: Bids awarded to family of employees in the service of the state – 2021 (continued)

Rand thousands (R'000)

Connected person	Position held in State	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
WHILE ITS DAY		11	11
C Hector	Building assessor		
M Hector	Medical Doctor		
WILSTAN BOOK SUPPLIES		1 117	1 117
V Beukes	Senior Professional Officer		
WRP CONSULTING ENGINEERS (PTY) LTD		299	299
Katlego Mamphitha	SABC		
Zelmane van Rooyen	Department of Public Works		
YIZA APHA TRADING		275	275
A Kelland	Senior Clerk		
ZELUNGA INVESTMENTS		330	330
N Biyase	Assistant Technical Officer		
T Biyase	Cleaner		
N Zakhe	Administrative Officer		
ZUTARI (PTY) LTD		177 008	177 008
HC Ahlschlager	Legal Representative		
K Nadasen	NDPW: Director		
T Mncube	Specialist Category Manager: Supply Chain		
		1 222 961	
INDIVIDUALS			
M Brink	Doctor	111	
P Naidoo	City of Cape Town: Project manage	1 353	
Y Phosa	Parliament committee chairperson	30	
M Selepe	City of Tshwane: Deputy director	-	
		1 494	
TOTAL		1 224 455	1 222 961

APPENDIX A

Abbreviations used in these financial statements

AFD	Agence Française de Développement
AARTO	Administrative Adjudication of Road Traffic Offences
APAC	Audit and Performance Audit Committee
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
B-BBEE	Broad Based Black Economic Empowerment Act
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
DCs	Development Contributions
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
FCSA	Financial Sector Conduct Authority
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
IDP	Integrated Development Plan
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
KZN	Kwazulu Natal
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
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
NDPW	National Department of Public Works
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PCDR	Public Contributions Donations Reserve
PG	Provincial Government
PPE	property, plant and equipment
Province	Western Cape Provincial Government
PTNG	Public Transport Network Grant
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SAP	Systems, Applications and Products
SCM	Supply Chain Management (Department)
SEZ	Special Economic Zone
SIU	Special investigating unit
SOA	Scheme of Arrangement
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax

