

# CAPE METROPOLITAN TRANSPORT FUND

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## UNAUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2012



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

The reports and statements listed below comprise the unaudited annual financial statements presented to the core City, the City of Cape Town.

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**CAPE METROPOLITAN TRANSPORT FUND**

Report of the Auditor-General

Auditor-General: 31/08/2012

**Legislative framework**

The Cape Metropolitan Transport Fund (CMTF) was created in terms of Section 18 of the Urban Transport Act (Act 78 of 1977). The administration of the Fund vests with the core City which is the City of Cape Town.

**Business activities**

The principal activity of the Fund is to promote the planning and provision of adequate urban transport facilities and all incidental matters.

**Statement of responsibilities**

The Fund Administrator is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice and where no standards of GRAP exist or are effective yet, in accordance with the applicable statements of Generally Accepted Accounting Practice. This responsibility includes the maintenance of adequate accounting records and applying appropriate accounting policies.

The Fund Administrator is also responsible for the entity's system of internal financial control and to account for the fund's assets and liabilities to provide reasonable assurance as to the reliability of the financial statements. Nothing has come to the attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis.

**Review of operations**

The financial statements adequately reflect the results of the operations for the year under review and no further explanations are considered necessary, except that the fund only acts as a funding vehicle for certain specified expenditure projects within the City and therefore does not have its own performance indicators.

**Events subsequent to year-end**

There have been no facts or circumstances of a material nature that have occurred between the reporting date and date of this report.

**Approval of financial statements**

The financial statements which appear on pages 4 - 15 were signed by the City Manager on behalf of the core City, the City of Cape Town.



Date: 31 August 2012

# CAPE METROPOLITAN TRANSPORT FUND

Statement of financial position at 30 June 2012

Auditor-General: 31/08/2012

	Notes	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inter Administrator Fund	2	69 746 377	76 488 593
<b>Total Assets</b>		<u><u>69 746 377</u></u>	<u><u>76 488 593</u></u>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>			
Accumulated Funds		18 269 319	19 056 738
<b>Current liabilities</b>		<b>51 477 058</b>	<b>57 431 855</b>
Unspent Conditional Grants	3	51 417 058	57 371 855
Deposits	4	60 000	60 000
<b>Total Net Assets and Liabilities</b>		<u><u>69 746 377</u></u>	<u><u>76 488 593</u></u>

**CAPE METROPOLITAN TRANSPORT FUND**

Auditor-General: 31/08/2012

Statement of financial performance for the year ended 30 June 2012

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>REVENUE</b>		
<b>Non Exchange Transactions</b>	23 504 002	32 028 644
National Department of Transport	3 835 429	880 000
Provincial Government Western Cape	17 116 745	30 343 268
Other Sources	2 551 828	805 376
<b>Exchange Transactions</b>		
Rentals	3 721 371	3 143 022
Finance income	1 054 680	926 248
Sundry Income	1 092 932	936 582
<b>TOTAL REVENUE</b>	<b>29 372 985</b>	<b>37 034 496</b>
<b>EXPENDITURE</b>		
<b>Implementation</b>	30 049 026	32 824 358
Dial-a-ride	4 300 000	2 512 910
General including Pedestrian Bridges	6 671 163	11 331 825
Metro Traffic Control Centre	-	205 225
CCTV Major Routes	189 760	592 408
Street Improvements	3 363 184	-
Public Transport	5 967 691	15 385 244
Security Services at PTI	2 450 000	-
Structural Maintenance	67 960	2 796 746
Safety Audit Projects	2 175 458	-
Freeway Management Systems	4 661 847	-
Hospital Bend	201 963	-
Audit Fees	111 378	89 204
<b>TOTAL EXPENDITURE</b>	<b>30 160 404</b>	<b>32 913 562</b>
<b>Surplus/(deficit) for the year</b>	<b>(787 419)</b>	<b>4 120 934</b>

# CAPE METROPOLITAN TRANSPORT FUND

Auditor-General: 31/08/2012

Statement of changes in net assets for the year ended 30 June 2012

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	<b>Accumulated Funds R</b>
<b>2011</b>	
Balance at 1 July 2010	14 935 804
Net Surplus for the year	4 120 934
<b>Balance at 30 June 2011</b>	<b><u>19 056 738</u></b>
<b>2012</b>	
Balance at 1 July 2011	19 056 738
Net Deficit for the year	(787 419)
<b>Balance at 30 June 2012</b>	<b><u>18 269 319</u></b>

# CAPE METROPOLITAN TRANSPORT FUND

Cash flow statement for the year ended 30 June 2012

Auditor-General: 31/08/2012

	Notes	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments from contributors		35 060 521	50 526 423
Subsidies and transfers		<u>(36 115 201)</u>	<u>(51 452 671)</u>
<b>Cash generated from operations</b>	5	<b>(1 054 680)</b>	<b>(926 248)</b>
Finance income		<u>1 054 680</u>	<u>926 248</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		<b><u>-</u></b>	<b><u>-</u></b>



**1. STATEMENT OF ACCOUNTING POLICIES**

The following are the principal accounting policies of the Cape Metropolitan Transport Fund (CMTF), which are in all material aspects consistent with those applied in the previous financial year. The historical cost convention has been used, except where declared otherwise. In the process, Management has not made any significant accounting judgments, estimates or assumptions and thus there has been no significant effect on the amounts recognized in the financial statements.

**1.1 ADOPTION OF NEW AND REVISED STANDARDS**

In the current year, the Cape Metropolitan Transport Fund has adopted all new and revised standards and interpretations issued by the Accounting Standards Board (ASB) that are relevant to its operations and effective. The adoption of these new and revised standards and interpretations has resulted in no changes to the accounting policies.

The fund has not adopted any GRAP standard not yet effective, but has based its accounting policies on such standards. Effective dates have been given for some of the standards and for others, no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2012 the following standards were issued but not yet effective.

**Annual period commencing on or after 1 April 2012:**

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

**No effective dates provided yet:**

- GRAP 18 – Segment Reporting
- GRAP 20 – Related Party Disclosure (revised)
- GRAP 26 – Impairment of cash-generating assets
- GRAP 105 – Transfers of functions between entities under common control
- GRAP 106 – Transfers of functions between entities not under common control

All the above standards where applicable will be complied with in the financial statements once the effective date has been set. Preliminary investigations indicated that the impact of the standards on the Financial Statements will be minimal except for additional disclosure.

**1.2 BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective. The ASB has issued a directive which sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. The Cash Flow Statement can only be prepared in accordance with direct method.

The financial statements have been prepared on the historical cost basis unless otherwise stated.

Details of the CMTF's significant accounting policies are set out below and are consistent with those applied in the previous year.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the process of applying the fund's accounting policies, management has not made significant accounting judgements estimates or assumptions and thus there has been no significant effect on the amounts recognized.

#### **1.3 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are initially recognized on the statement of financial position when the CMTF becomes party to the contractual provisions of the instrument.

#### **1.4 RECEIVABLES**

Trade and other receivables are recognized at fair value and subsequently stated at amortised cost.

#### **1.5 PAYABLES**

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

#### **1.6 REVENUE: NON-EXCHANGE AND EXCHANGE TRANSACTIONS**

Revenue is recognized net of indirect taxes and consists mainly of Government grants, net rentals, the net proceeds of the sale of information and interest received on monies held by the City of Cape Town. Government grants and receipts are recognized as revenue and transferred to the Statement of Financial Performance in the year they are expended. To the extent that the criteria conditions or obligations have not been met, a liability is recognized and the funds invested until utilized. Interest earned is treated in accordance with grant conditions. Interest earned on utilized conditional grants is allocated directly to the unspent conditional grant and is not recognized in the Statement of Performance. Net rental income is brought into account upon notification at the end of the financial year by the City of Cape Town of the amounts due to the fund net of expenses. Proceeds of information sold are transferred ex City of Cape Town.

#### **1.7 UNSPENT CONDITIONAL GRANTS**

Unspent conditional grants are reflected on the Statement of Financial Position as current liabilities. These unspent grants and donations, which always have to be backed by cash, are invested until utilized. Interest earned on the investments is treated in accordance with grant conditions.

#### **1.8 BANK ACCOUNT AND ACCOUNTING SYSTEM**

The fund uses the City of Cape Town's bank account and all transactions take place through the City of Cape Town's accounting and procurement systems.

#### **1.9 ASSISTANCE**

City of Cape Town staff performed all the functions of the CMTF.

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>2 INTER ADMINISTRATOR FUND</b>		
City of Cape Town	<u><b>69 746 377</b></u>	<u><b>76 488 593</b></u>

The inter administrator fund is interest bearing and is administered by the City of Cape Town as a ring-fenced investment within the City.

Its funds are available on demand to pay creditors. There is no material change in the exposure to credit risk and the inter administrator fund balance at year end represents approximately fair value.

The carrying amount represents the maximum credit exposure of the fund.

**2.1 Credit Risk**

Credit Risk is the risk of financial loss to the fund if the City of Cape Town fails to meet its contractual obligations. The City limits its exposure to credit risk by only investing with reputable institutions that have a sound credit rating. Consequently the fund does not consider there to be any significant exposure to credit risk.

**3 UNSPENT CONDITIONAL GRANTS**

Provincial Government Western Cape	47 594 723	48 958 626
National Department of Transport	2 828 411	5 366 588
Other	<u>993 924</u>	<u>3 046 641</u>
	<u><b>51 417 058</b></u>	<u><b>57 371 855</b></u>

The unspent portion of the conditional grants will be spent in the following financial period to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance of infrastructure projects and will be fully spent in the following financial period. No amounts are due for repayment to the donors for the reason set out above.

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>4 DEPOSITS</b>		
Refundable Deposit	<u>60 000</u>	<u>60 000</u>
<p>The refundable deposit is in respect of contract work performed by Serina Kaolin (Pty) Ltd for the laying of two pipelines between the Mine on Farm 1337/5 Noordhoek and the Beneficiation Plant at Brakkekloof.</p>		
<b>5 CASH UTILISED BY OPERATIONS</b>		
Net surplus / (deficit) for the year	(787 419)	4 120 934
Adjustments for:		
Interest Received	<u>(1 054 680)</u>	<u>(926 248)</u>
<b>Operating surplus/(deficit) before working capital changes:</b>	<b>(1 842,099)</b>	<b>3 194 686</b>
Increase/(Decrease) in payables	(5 954 797)	(18 539 109)
(Increase)/Decrease in Administrator Fund	<u>6 742 216</u>	<u>14 418 175</u>
<b>Cash utilised by operations</b>	<b><u>(1 054 680)</u></b>	<b><u>(926 248)</u></b>
<b>6 RELATED PARTIES</b>		
<p>The City of Cape Town was designated as the core City and, as such, administers the CTMF in terms of Section 17 of the Act.</p> <p>The City of Cape Town as the fund Administrator, deposits all Fund monies into the City of Cape Town bank account.</p> <p>Provincial Government: Western Cape is the main contributor of conditional grants.</p>		
<b>Balance of funds held by the City at the beginning of the year</b>	<b>76 488 593</b>	<b>90 906 768</b>
<b>Balance of funds held by the City at the end of the year</b>	<b>69 746 377</b>	<b>76 488 593</b>

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<p>During the year, the fund entered into the following arms length transactions with related parties:</p>		
<b>Grants and Donations received from Government Departments</b>	<b>14 250 000</b>	<b>9 400 000</b>
<b>Claims paid to the City of Cape Town</b>	<b>30 049 026</b>	<b>32,824,358</b>
<b>Interest paid on balances held by the City to the fund</b>	<b>4 353 885</b>	<b>5 054 503</b>
<b>Net Revenue collected by the City on behalf of the fund</b>	<b>4 814 303</b>	<b>5 205 329</b>
Net Rentals	3 721 371	3 143 022
Sundry Income	1 092 932	936 582

**7 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

There have been no facts or circumstances of a material nature that have occurred between the reporting date and date of this report.

# CAPE METROPOLITAN TRANSPORT FUND

Auditor-General: 31/08/2012

Detailed schedule of subsidies paid for the year ended 30 June 2012

	<b>Total</b>	<b>Provincial</b>	<b>Department</b>	<b>Other</b>
	<b>R</b>	<b>Government</b>	<b>of Transport</b>	<b>Income</b>
<b>Implementation</b>		<b>R</b>	<b>R</b>	<b>R</b>
<b>Dial-A-Ride</b>	<b>4 300 000</b>	<b>4 300 000</b>		
<b>Non-motorised Transport</b>	<b>6 671 164</b>	<b>4 119 336</b>	-	<b>2 551 828</b>
Klipfontein PT scheme	3 918 313	3 918 313	-	-
Bicycle and Pedestrian facilities	201 023	201 023	-	-
Transport System Management	2 551 828	-	-	2 551 828
<b>N2 Gateway</b>	<b>1 337 995</b>	<b>1 337 995</b>		
<b>Public Transport Interchange</b>	<b>2 025 189</b>	-	<b>2 025 189</b>	-
Retreat PTI	194 962	-	194 962	-
Claremont PTI CCTV	700 000	-	700 000	-
Mowbray PTI CCTV	520 000	-	520 000	-
Bhellville PTI kiosk upgrade	124 466	-	124 466	-
Security services	485 761	-	485 761	-
<b>Public Transport Projects</b>	<b>5 967 691</b>	<b>5 967 691</b>	-	-
Granger Bay	55 083	55 083	-	-
General PTI improvements	162 000	162 000	-	-
Traffic signals	161 008	161 008	-	-
Claremont taxi rank	124 141	124 141	-	-
Grassy Park taxi rank	37 471	37 471	-	-
Ottery traffic depot	381 264	381 264	-	-
Parow traffic depot	49 690	49 690	-	-
Public transport upgrades	367 196	367 196	-	-
Retreat station	205 915	205 915	-	-
Somerset West traffic depot	63 900	63 900	-	-
Transport safety M4	500 000	500 000	-	-
Ndabeni yard depot	74 368	74 368	-	-
TSM projects	122 720	122 720	-	-
PT infrastructure upgrade	1 344 306	1 344 306	-	-
Comprehensive ITP	2 318 629	2 318 629	-	-
<b>Traffic Safety Bureau Projects</b>	<b>2 175 458</b>	-	-	<b>2 175 458</b>
<b>CCTV Major Routes</b>	<b>189 760</b>	<b>189 760</b>	-	-
<b>Other Projects</b>	<b>7 381 769</b>	<b>1 201 963</b>	<b>1 810 240</b>	<b>4 369 566</b>
Security Services	2 450 000	-	-	2 450 000
Structural Maintenance	67 960	-	67 960	-
Freeway Management Systems	4 661 846	1 000 000	1 742 280	1 919 566
Hospital Bend	201 963	201 963	-	-
<b>TOTAL</b>	<b>30 049 026</b>	<b>17 116 745</b>	<b>3 835 429</b>	<b>9 096 852</b>

# CAPE METROPOLITAN TRANSPORT FUND

Auditor-General: 31/08/2012

Detailed schedule of unspent conditional grants at 30 June 2012

	Balance 1 July 2011 R	Receipts/ Transfers R	Interest Received R	Disbursements/ Transfers R	Balance 30 June 2012 R
Symphony Way	1 871 478	-	98 917	1 337 995	632 400
Granger Bay	3 602	-	200	-	3 802
Reconstruction: Fairtrees/Lubbe/Boland Road	4 794	-	266	-	5 060
Bicycle ways in Khayelitsha	237 019	-	13 158	-	250 177
Claremont CBD Bus facilities	878	-	49	-	927
Hospital Bend pre-selection lanes	175 889	-	8 522	179 040	5 371
Bicycle and Pedestrian facilities	11 579 110	-	537 370	4 119 336	7 997 144
Integrated Transport Plan	2 960 020	3 000 000	235 058	2 318 629	3 876 449
Signage	22 520	-	1 199	22 923	796
Legacy projects	818 959	-	43 300	55 083	807 176
Public Transport projects	943 155	2 000 000	66 729	2 126 953	882 931
Dial-a-Ride	4 719 133	-	243 374	4 300 000	662 507
Security at PTI's	147 101	-	8 166	-	155 267
Maintenance: Ex CMC roads	55 441	-	3 078	-	58 519
Public Transport Restructure Plan	959 113	-	53 244	-	1 012 357
Metropolitan Transport Authority Investigation	364 197	-	20 218	-	384 415
Contribution to off-ramps at N1 City TSM projects	231	-	12	235	8
Brookrail TSM projects	5 668	-	302	5 769	201
General	432 089	-	23 987	-	456 076
Transport traffic lights	114 663	-	6 107	116 716	4 054
Environmental project: bicycle facilities	112 376	-	6 238	-	118 614
Zenzele Road maintenance project	579 782	-	32 186	-	611 968
CCTV Cameras	189 760	-	9 247	189 760	9 247
Proclaimed metro roads rehabilitation	6 174 839	5 900 000	492 953	-	12 567 792
PT&Bus infrastructure upgrades on PT corridors	4 985 937	-	275 075	1 344 306	3 916 706
PT&Bus upgrades on PT corridors	3 915 300	-	216 008	-	4 131 308
CT long-distance coach terminal	2 932 550	-	161 789	-	3 094 339
NMT bridge Bhunga Avenue to Bridgetown	714 431	-	39 415	-	753 846
Interest on legacy infrastructure projects	3 872 106	-	213 625	-	4 085 731
Freeway management systems	-	1 000 000	23 234	1 000 000	23 234
NMT landscaping Atlantis & Mamre	-	1 000 000	16 124	-	1 016 124
Du Noon pedestrian and cycle paths	66 485	-	3 691	-	70 176
	<b>48 958 626</b>	<b>12 900 000</b>	<b>2 852 842</b>	<b>17 116 745</b>	<b>47 594 723</b>
ITS/TDM	1 660 193	-	80 899	1 660 193	80 899
Travel demand	82 087	-	4 000	82 087	4 000
PT Call centre	503	-	28	-	531
Vukuhambe project	976	-	54	-	1 030
Dial-a-Ride	168 616	-	9 361	-	177 977
EMME/2 Conference	163 102	-	9 054	-	172 156
Arrive Alive funds	332 824	-	18 476	-	351 300
Integrated Transport Plan	666 488	-	37 000	-	703 488
RDP Project: Wetton/Landsdowne Road dev study	43 534	-	2 417	-	45 951
Codatu VIII conference	52 720	-	2 927	-	55 647
Cape Town 2004 Summer Olympic Games	2 108 523	-	112 543	2 025 189	195 877
Rail operations - due diligence study	-	1 000 000	16 124	-	1 016 124
National demonstration project: Sect 21 Co Modali	87 021	-	4 370	67 960	23 431
	<b>5 366 587</b>	<b>1 000 000</b>	<b>297 253</b>	<b>3 835 429</b>	<b>2 828 411</b>
Contributions to CCTV project	197 865	-	10 984	-	208 849
Off Ramps at N1 City TSM projects	198 927	-	8 139	203 610	3 456
Brookrail TSM projects	1 614 432	-	76 827	1 778 087	( 86 828)
Contributions to Bosmansdam	505 249	-	20 165	488 949	36 465
Partnership contributions to off-ramps at N1 City	52 463	-	909	46 875	6 497
Brookrail TSM projects	38 666	-	2 070	34 307	6 429
Public Private Partnership: Private Sector	147 931	-	8 212	-	156 143
Contributions ex SANRAL	102 499	-	5 690	-	108 189
PRASA	-	350 000	5 643	-	355 643
Contributions to roads: Private Sector	188 610	-	10 471	-	199 081
	<b>3 046 642</b>	<b>350 000</b>	<b>149 110</b>	<b>2 551 828</b>	<b>993 924</b>
	<b>57 371 855</b>	<b>14 250 000</b>	<b>3 299 205</b>	<b>23 504 002</b>	<b>51 417 058</b>

