

# CAPE METROPOLITAN TRANSPORT FUND

Unaudited Annual Financial Statements for  
the year ended 30 June 2017



**TDA**  
CAPE TOWN

The City of Cape Town's Transport  
and Urban Development Authority

# TABLE OF CONTENTS

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

<i>Index</i>	<i>Page</i>
Report of the Auditor-General	n/a
Financial Report and Approval of Annual Financial Statements	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Notes to the Financial Statements	9
Detailed Schedule of Unspent Conditional Grants	13

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# **REPORT OF THE AUDITOR-GENERAL**

*to the Council of the City of Cape Town on the Cape Metropolitan Transport Fund*

*REPORT ON THE FINANCIAL STATEMENTS*

# **REPORT OF THE AUDITOR-GENERAL**

*to the Council of the City of Cape Town on the Cape Metropolitan Transport Fund  
(continued)*

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

# **FINANCIAL REPORT & APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

*for the year ended 30 June 2017*

## **LEGISLATIVE FRAMEWORK**

The Cape Metropolitan Transport Fund ("the Fund") 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 GRAP. This responsibility includes the maintenance of adequate accounting records and the application of appropriate accounting policies.

The Fund Administrator is also responsible for the Fund'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 of the Fund Administrator 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 the Fund does not have its own performance indicators.

The City has established a Metropolitan Land Transport Fund (MLTF) in terms of Section 27 of the National Land Transport Act, Act 5 of 2009. The Commissioner of the City's Transport and Urban Development Authority has requested that all national and provincial grant funding allocations previously allocated to the Fund henceforth be allocated to the MLTF. This request was approved. The Fund continues to operate as a going concern as it can only be wound down once the act, in terms of which it was created, is repealed.

## **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 5 – 12 were signed by the City Manager on behalf of the core City, the City of Cape Town.



Date: 30 August 2017

# STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 R	2016 R
<b>ASSETS</b>			
<b>Current Assets</b>			
Inter Administrator Fund	2	15 140 796	20 735 048
<b>TOTAL ASSETS</b>		<b>15 140 796</b>	<b>20 735 048</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>			
Accumulated Funds		12 474 355	10 513 114
<b>Current liabilities</b>			
Unspent Conditional Grants	3	2 666 441	10 221 934
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>15 140 796</b>	<b>20 735 048</b>

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2017

	2017 R	2016 R
<b>REVENUE</b>		
<b>Non-Exchange Transactions</b>		
National Department of Transport	84 587	-
<b>Exchange Transactions</b>		
Rentals	3 810 156	3 334 892
Finance income	2 544 008	2 251 778
Sundry Income	820 772	583 305
	445 376	499 809
<b>TOTAL REVENUE</b>	<b>3 894 743</b>	<b>3 334 892</b>
<b>EXPENDITURE</b>		
<b>Implementation</b>		
Dial-a-ride	1 811 207	1 527 890
Public Transport Interchange	215 585	-
Public Transport Projects	-	1 219 921
Traffic Safety Bureau Projects	1 018 212	-
Other Projects	-	307 969
	577 410	-
Audit Fees	122 295	156 674
<b>TOTAL EXPENDITURE</b>	<b>1 933 502</b>	<b>1 684 564</b>
<b>SURPLUS FOR THE YEAR</b>	<b>1 961 241</b>	<b>1 650 328</b>

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2017

### 2016

Balance at 1 July 2015

Surplus for the year

**Balance at 30 June 2016**

Accumulated  
Funds  
R

8 862 786

1 650 328

**10 513 114**

### 2017

**Balance at 1 July 2016**

Surplus for the year

**BALANCE AT 30 JUNE 2017**

10 513 114

1 961 241

**12 474 355**



## CASH FLOW STATEMENT

for the year ended 30 June 2017

	Notes	2017 R	2016 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments from contributors		8 668 223	529 827
Subsidies and transfers		(9 488 995)	(1 113 132)
<b>Cash utilised by operations</b>	4	<b>(820 772)</b>	<b>(583 305)</b>
Finance income		820 772	583 305
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

## 1. STATEMENT OF ACCOUNTING POLICIES

The following are the principal accounting policies of the Cape Metropolitan Transport Fund ("the Fund"), which are in all material aspects consistent with those applied in the previous financial year. The historical cost convention has been used, except where stated 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 recognised in the financial statements.

### 1.1. Basis of Presentation

These financial statements have been prepared in accordance with Standards of 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 Fund's significant accounting policies are set out below and are consistent with those applied in the previous year.

### 1.2. Adoption of New and Revised Standards

In the current year, the Fund has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective.

At the date of submission of these financial statements for the year ended 30 June 2017, the following approved Standards of GRAP were issued for which no effective dates have been determined yet:

- GRAP 20 - Related-party disclosures (revised)
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents

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

### 1.3. Critical Accounting Estimates and Judgements

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

### 1.4. Financial Instruments

Financial assets and financial liabilities are initially recognised on the Statement of Financial Position when the Fund becomes party to the contractual provisions of the instrument.

# **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2017 (continued)*

## **1.5. Receivables**

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

## **1.6. Payables**

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

## **1.7. Revenue: Non-Exchange and Exchange Transactions**

Revenue is recognised net of indirect taxes and consists mainly of Government grants, net rentals, the net proceeds of the sale of information and interest received on funds held by the City of Cape Town.

Government grants and receipts are recognised 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 recognised and the funds are invested until utilised.

Net rental income is brought into account upon notification by the City of Cape Town at the end of the financial year, of the amounts due to the Fund net of expenses.

Proceeds of information sold are transferred ex City of Cape Town.

Interest earned on funds which have been invested is treated in accordance with grant conditions. Interest earned on utilised conditional grants is allocated directly to the unspent conditional grant and is not recognised in the Statement of Financial Performance.

## **1.8. Unspent Conditional Grants**

Unspent conditional grants are reflected on the Statement of Financial Position as current liabilities. These unspent grants and donations, are cash-backed and invested until utilised. Interest earned on the investments is treated in accordance with grant conditions.

## **1.9. 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.

## **1.10. Assistance**

City of Cape Town staff performs all the functions of the Fund.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017 (continued)

	2017 R	2016 R
<b>2. INTER ADMINISTRATOR FUND</b>		
<b>City of Cape Town</b>	<b>15 140 796</b>	20 735 048

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. The inter administrator fund balance at year end represents approximately fair value.

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

### 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	-	7 656 779
National Department of Transport	<b>1 810 109</b>	1 767 426
Public Contributions	<b>856 332</b>	797 729
	<b>2 666 441</b>	10 221 934

The unspent portion of the conditional grants will be spent in the following financial periods to the conclusion of the projects for which they were intended. No amounts are due for repayment to the donors for the reason set out above.

### 4. CASH UTILISED BY OPERATIONS

Net surplus for the year	<b>1 961 241</b>	1 650 328
Adjustments for :		
Interest Received	<b>(820 772)</b>	(583 305)
<b>Operating (deficit)/surplus before working capital changes:</b>	<b>1 140 469</b>	1 067 023
Increase/(Decrease) in payables	<b>(7 555 493)</b>	571 432
(Increase)/Decrease in Administrator Fund	<b>5 594 252</b>	(2 221 760)
<b>Cash utilised by operations</b>	<b>(820 772)</b>	(583 305)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017 (continued)

	2017 R	2016 R
<b>5. RELATED PARTIES</b>		
The City of Cape Town was designated as the core City and, as such, administers the Fund in terms of Section 17 of the Urban Transport Act, Act 78 of 1977.		
The City of Cape Town, as the fund administrator, deposits all Fund monies into the City of Cape Town's bank account.		
<b>Balance of funds held by the City at 1 July</b>	20 735 048	18 513 288
<b>Balance of funds held by the City at 30 June</b>	<b>15 140 796</b>	20 735 048
During the year, the Fund entered into the following arm's length transactions with related parties:		
<b>Claims paid to the City of Cape Town</b>	<b>1 811 207</b>	1 527 890
<b>Interest paid on balances held by the City to the Fund</b>	<b>1 095 978</b>	1 214 737
<b>Net Revenue collected by the City on behalf of the Fund from:</b>	<b>2 989 384</b>	2 751 587
Net Rentals	<b>2 544 008</b>	2 251 778
Sundry Income	<b>445 376</b>	499 809

### 6. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No significant events occurred after statement of financial position date.

# DETAILED SCHEDULE OF UNSPENT CONDITIONAL GRANTS

as at 30 June 2017

	Balance 01 July 2016 R	Receipts/ Transfers R	Interest Received R	Disbursements/ Transfers R	Balance 30 June 2017 R
Bicycle and Pedestrian facilities	646 370		7 541	653 911	-
Comprehensive Integrated Transport Plan	3 313 168		38 655	3 351 823	-
General PTI improvements	947 498		11 055	958 553	-
Dial-a-Ride	26 013		304	26 317	-
Security at PTI's	6 152		72	6 224	-
Public Transport Restructure Plan	1 233 648		14 393	1 248 041	-
Metropolitan Transport Authority Investigation	481 387		5 616	487 003	-
Rehabilitation Proclaimed metro roads	739 271		8 625	747 896	-
WCPT infrastructure upgrade 2010 Projects	263 272		3 072	266 344	-
<b>Provincial Government Western Cape</b>	<b>7 656 779</b>	-	<b>89 333</b>	<b>7 746 112</b>	-
ITS/TDM	101 307		7 442		108 749
Travel demand	5 009		368		5 377
PT Call centre	665		49		714
Vukuhambe project	1 290		95		1 385
Dial-a-Ride	40 278		1 685	41 963	-
EMME/2 Conference	215 585		15 837		231 422
Arrive Alive funds	439 919		32 318		472 237
Integrated Transport Plan	40 913		1 711	42 624	-
RDP Project: Wetton/Landsdowne Road dev study	57 543		4 227		61 770
Codatu VIII conference	69 685		5 118		74 803
Cape Town 2004 Summer Olympic Games	19 375		1 423		20 798
Rail operations - due diligence study	746 515		54 842		801 357
Modalink section 21 Co	29 342		2 155		31 497
<b>National Department of Transport</b>	<b>1 767 426</b>	-	<b>127 270</b>	<b>84 587</b>	<b>1 810 109</b>
CCTV project	254 533		18 699		273 232
Upgrading Bosmansdam road	45 665		3 353		49 018
Public Private Partnership: Private Sector	195 530		14 364		209 894
Contributions ex SANRAL	135 481		9 953		145 434
PRASA	166 520		12 234		178 754
<b>Public Contributions</b>	<b>797 729</b>	-	<b>58 603</b>	-	<b>856 332</b>
	<b>10 221 934</b>	-	<b>275 206</b>	<b>7 830 699</b>	<b>2 666 441</b>