CAPE METROPOLITAN TRANSPORT FUND

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 JUNE 2007

CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

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ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

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

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The following supplementary schedules do not form part of the financial statements, and are unaudited.

Approval of the Annual Financial Statements

The financial statements which appear on pages 3 – 6 were signed by the City Manager on behalf of the core city, the City of Cape Town.

REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE CITY OF CAPE TOWN ON THE FINANCIAL STATEMENTS OF THE CAPE METROPOLITAN TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE 2007

Introduction

1. I have audited the accompanying financial statements of the Cape Metropolitan Transport Fund which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 6.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with section 18 of the Urban Transport Act, 1977 (Act 78 of 1977).

   This responsibility includes:

   - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
   - selecting and applying appropriate accounting policies
   - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:

   - appropriateness of accounting policies used
   - reasonableness of accounting estimates made by management
   - overall presentation of the financial statements.

7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by Cape Metropolitan Transport Fund in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The entity's policy is to prepare financial statements on the basis of accounting as set out in accounting policy note 1.1 to the financial statements.

Opinion

10. In my opinion the financial statements of the Cape Metropolitan Transport Fund as at 30 June 2007 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as described in note 1.1 to the financial statements.

Unaudited supplementary schedules

11. The supplementary information set out on pages 7 - 8 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on them.

Appreciation

12. The assistance rendered by the staff of the City of Cape Town during the audit is sincerely appreciated.

Auditor-General

Cape Town

30 November 2007

AUDITOR-GENERAL

FINANCIAL REPORT

for the year ended 30 June 2007

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 maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements are subject to an audit by the Auditor-General annually to ensure fair presentation of financial affairs in conformity with International Standards of Auditing. The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice.

The Fund Administrator is also responsible for the entity's system of internal financial control and to give 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 those below. No material fact or circumstance has occurred between the accounting date and date of this Report.

The subsidies paid by the Fund relating to the implementation programme adopted by the City of Cape Town and the Provincial Government of the Western Cape are summarised below:

	Actual R	Budget R
Planning and Design	2,806,529	3,409,410
Infrastructure	11,674,564	20,959,254
Other Projects	9,367,713	20,163,711
Non-Motorised Transport	4,385,740	12,000,000
Roads	9,896,627	13,108,492
2010 Transport Projects	65,678,920	87,000,000
	103,810,093	**156,640,867**

Events subsequent to year-end

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

Registered Office

Business Address	Postal Address	Tel/Fax
12 Hertzog Boulevard Cape Town 8000	P O Box 655 Cape Town 8001	Tel: 021 487 2512 Fax: 021 400 5401

STATEMENT OF FINANCIAL POSITION

as at 30 June 2007

	Notes	2006/07 R	2005/06 R
ASSETS			
Current assets			
Inter Administrator Fund	1	205,741,606	116,651,814
TOTAL ASSETS		**205,741,606**	**116,651,814**
FUNDS AND LIABILITIES			
Capital and Funds			
Accumulated Funds		23,643,343	22,895,243
Current liabilities		**182,098,263**	**93,756,571**
Unspent Conditional Grants	2	182,038,263	93,696,571
Deposits	3	60,000	60,000
TOTAL FUNDS AND LIABILITIES		**205,741,606**	**116,651,814**

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2007

	2007 R	2006 R
INCOME		
Grant Funding	97,666,416	57,224,511
National Department of Transport	70,449,281	1,301,949
PAWC	27,217,135	55,922,562
Rentals	3,453,054	3,084,579
Interest Received	1,421,268	1,704,674
Special Projects	1,100,000	0
Sundry Income	1,084,203	2,338,724
TOTAL INCOME	**104,724,941**	**64,352,488**
EXPENDITURE		
Implementation	103,810,093	69,381,127
Planning and Design	2,806,529	1,777,770
Infrastructure	11,674,564	11,274,232
Other Projects	9,367,713	17,191,856
Non-Motorised Transport	4,385,740	23,155,766
Roads	9,896,627	15,981,503
2010 Transport Projects	65,678,920	0
Audit Fees	166,748	78,142
TOTAL EXPENDITURE	**103,976,841**	**69,459,269**
Surplus / (Deficit) for the year	**748,100**	**(5,106,781)**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2007

	2006/07 R	2005/06 R
Balance at beginning of the year	22,895,243	28,002,024
Net surplus / (deficit) for the year	748,100	(5,106,781)
Balance at end of the year	**23,643,343**	**22,895,243**

CASH FLOW STATEMENT

for the year ended 30 June 2007

	NOTE	2006/07 R	2005/06 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	4	(1,421,268)	(1,704,674)
Interest Received		1,421,268	1,704,674
NET CASH FROM OPERATING ACTIVITIES		0	0
CASH FLOWS FROM INVESTING ACTIVITIES		0	0

ACCOUNTING POLICIES

1 Basis of presentation

1.1 These financial statements have been prepared in accordance with Generally Recognised Accounting Practice issued by the Accounting Standards Board in accordance with Section 55(1)(b), 89 and 91(1)(b) of the Public Finance Management Act, (Act No.1 of 1999).

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

2 Receivables

2.1 Receivables are stated at their nominal value.

3 Payables

3.1 Payables are stated at their nominal value.

4 Revenue

4.1 Revenue consists primarily of Government Grants and Donations which are only recognised to the extent that the criteria, conditions or obligations have been met for expenditure.

5 Unspent conditional grants

5.1 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 utilised. Interest earned on the investments is treated in accordance with grant conditions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

		2006/07 R	2005/06 R
1	INTER ADMINISTRATOR FUND		
	City of Cape Town	**205,741,606**	**116,651,814**
	The inter administrator fund is interest bearing and is administered by the City of Cape Town as a ringfenced investment within the City.		
2	UNSPENT CONDITIONAL GRANTS		
	Provincial Government of Western Cape	106,241,721	72,807,095
	Department of Transport	70,589,063	15,088,955
	Funds held in Trust	2,251,733	2,069,349
	Other	2,955,746	3,731,172
		182,038,263	**93,696,571**
3	DEPOSITS		
	Refundable Deposit	**60,000**	**60,000**
	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.		
4	CASH GENERATED BY OPERATIONS		
	Net surplus / (deficit) for the year	748,100	(5,106,781)
	Adjustments for :-		
	Interest Received	(1,421,268)	(1,704,674)
	Operating loss before working capital changes:	**(673,168)**	**(6,811,455)**
	Decrease /(Increase) in Receivables	(89,089,792)	(43,450,353)
	Increase / (Decrease) in Payables	88,341,692	48,557,134
	Cash generated by operations	**(1,421,268)**	**(1,704,674)**
5	RELATED PARTIES		
	During the year, the fund entered into the following transactions with related parties		
	Grants and Donations received from Government Departments	**172,625,000**	**101,728,529**
	Grants and Donations paid to Government Departments	**62,303,659**	**0**
	Amounts paid to the City of Cape Town	**41,506,434**	**69,381,127**

SCHEDULE OF SUBSIDIES PAID

for the year ended 30 June 2007

	Total R	Provincial Gov Western Cape R	Department Transport R	Other Income R
Planning and Design				
CPTR Annual update	2,203,246	2,203,246		
Operating Licence Strategy	97,730	97,730		
Public Transport Plan	43,678	43,678		
Rationalisation Plan	154,857	154,857		
2010 World Cup	307,018	307,018		
	2,806,529	**2,806,529**	**0**	**0**
Infrastructure				
Cape Town Station	888,998	888,998		
Du Noon Pedestrian and Cycle Paths	1,155,176	1,155,176		
Stock Road Transport Interchange	677,206	677,206		
Bellville Transport Interchange	3,257,808			3,257,808
Durbanville Taxi Rank (North)	11,855	11,855		
Bus/Taxi Embayments	419,657	419,657		
Samora Machel Taxi Rank: Philippi	464,733	464,733		
Claremont Interchange and Taxi Facilities	4,599,131	4,599,131		
Khayelitsha CBD Taxi Enbayments	200,000	200,000		
	11,674,564	**8,416,756**	**0**	**3,257,808**
Other Projects				
Signage	64,836	64,836		
Rehabilitation Metro Roads	2,505,563	2,505,563		
TSM	155,444	155,444		
Safety Bureau Projects	207,241			207,241
Integrated Transport Plan	99,078		99,078	
Dial-A-Ride	6,335,551	1,175,149	5,160,402	
	9,367,713	**3,900,992**	**5,259,480**	**207,241**
Non Motorised Transport				
NMT and dignified spaces	4,385,740	4,385,740		
	4,385,740	**4,385,740**	**0**	**0**
Roads				
Fairtrees Lubbe Boland Road	1,638,634	200,456		1,438,178
Symphony Way	7,017,543	7,017,543		
Broadway	140,450			140,450
Bosmansdam Improvements	1,100,000			1,100,000
	9,896,627	**7,217,999**	**0**	**2,678,628**
2010 Transport Projects				
Call Centre	1,557,903		1,557,903	
ITS/TDM	1,328,239		1,328,239	
Granger Bay Boulevard	489,119	489,119		
N2 BMT Lanes	62,303,659		62,303,659	
	65,678,920	**489,119**	**65,189,801**	
TOTAL	**103,810,093**	**27,217,134**	**70,449,281**	**6,143,677**

SCHEDULE OF UNSPENT CONDITIONAL GRANTS

for the year ended 30 June 2007

	Balance 01 July 2006	Receipts	Interest Received	Disbursements	Total 30 June 2007
Off Ramps at N1 City	128,538	0	11,329	0	139,867
Brookrail	1,043,176	0	91,942	0	1,135,118
Security at PTI's	95,050	0	8,377	0	103,427
Maintenance: Ex CMC Roads	35,823	0	3,157	0	38,980
Public Transport Restructure Plan	2,306,439	0	140,499	(1,583,262)	863,676
Metropolitan Transport Authority Investigation	235,328	0	20,741	0	256,069
Contribution to Off Ramps at N1 City	222,197	0	16,638	(155,444)	83,391
Symphony Way	10,693,846	0	454,901	(7,017,544)	4,131,203
Brookrail	695,451	0	61,295	0	756,746
Dial-a-Ride	1,367,976	0	89381	(1,175,149)	282,208
Public Transport Projects	21,540,200		1,665,499	(8,549,683)	14,656,017
Bicycle ways in Khayelitsha	1,245,862	0	109,806		1,355,668
Claremont CBD Bus Facilities	2,629,558		231,761		2,861,319
Reconstruction: Fairtrees/Lubbe/Boland Road	200,455	0	3,372	(200,455)	3,372
General	279,198	0	24,608	0	303,806
Bicycle and Pedestrian Facilities	16,531,667	23,922,000	2,515,449	(4,385,740)	38,583,376
Transport	74,091		6,530	0	80,621
Environmental Grant	72,613	0	6,400	0	79,013
Zenzele Road Maintenance Project	374,630		33,019	0	407,649
CCTV Cameras	10,209,171	5,000,000	1,290,931	0	16,500,102
Granger Bay	1,039,167	14,000,000	653,895	(489,119)	15,203,943
Proclaimed Main Roads: Metro	2,943,707	8,200,000	873,898	(2,505,563)	9,512,042
Signage	14,665		1,169	0	15,834
Integrated Transport Plan	590,063	0	45,063	(99,078)	536,047
EMME/2 Conference	105,390	0	9,289	0	114,679
Dial-a-Ride	6,007,159	0	392,496	(5,160,402)	1,239,253
Arrive Alive Funds	215,056	0	18,954	0	234,010
Vukuhambe Project	3,950	0	348	0	4,298
ITS/TDM	6,125,503		524,426	(1,328,239)	5,321,690
PT Call Centre	2,041,834		103,741	(1,557,903)	587,671
Partnership Contributions to Off-ramps at N1 City	111,274	0	9,807	0	121,081
Contributions to CCTV project	127,852	0	11,268	0	139,120
Brookrail	695,338	0	61,285		756,623
N2 BMT Lanes		70,000,000	3,276,577	(62,303,659)	10,972,918
Public Private Partnership: Private Sector	95,586	0	8,425	0	104,011
Contributions to Roads: Private Sector	121,872		10,741	0	132,613
Contributions ex SANRAL	66,231		5,837	0	72,068
Contributions to Bosmansdam	1,341,307	0	113,938	(1,100,000)	355,245
National demonstration Project - S 21 Co Modelink	644,692		56,821	0	701,513
RDP Project - Wetton-Landsdowne Road Dev Study	28,131	0	2,479	0	30,610
Codatu VIII Conference	34,066		3,002	0	37,068
Cape Town 2004 Summer Olympic Games	1,362,459	0	120,083	0	1,482,542
Klipfontein Corridor NMT		50,000,000	1,344,375		51,344,375
Du Noon Pedestrian and Cycle Paths		1,280,000	38,434	(1,155,176)	163,259
Travel Demand		223,000	11,122		234,122
TOTAL	93,696,571	172,625,000	14,483,108	(98,766,416)	182,038,263

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