

CAPE METROPOLITAN TRANSPORT FUND

ANNUAL FINANCIAL STATEMENTS
for the year ended



30 JUNE 2008



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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.

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Approval of the Annual Financial Statements

The financial statements which appear on pages 4 – 10 were signed by the City Manager on behalf of the core city, the City of Cape Town.



ACHMAT EBRAHIM
CITY MANAGER

Date: 8 November 2008

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 2008

REPORT ON THE FINANCIAL STATEMENTS

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 2008, 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 4 to 10.

Responsibility of the accounting authority 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 and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on 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.

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

Basis of accounting

7. The entity's policy is to prepare financial statements on the basis of accounting as set out in accounting policies note 1 to the financial statements.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Cape Metropolitan Transport Fund as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting as set out in accounting policies note 1 to the financial statements.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

Restatement of corresponding figures

10. As disclosed in note 5 to the financial statements, the corresponding figures for 2006-07 have been restated as result of an error discovered during 2007-08 in the financial statements of the Cape Metropolitan Transport Fund at, and for the year ended, 30 June 2007.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matter that relate to my responsibilities in the audit of the financial statements:

Matters of governance

11. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

MATTERS OF GOVERNANCE	YES	NO
The annual financial statements were submitted for audit within the deadlines set out in Audit circular 1 of 2007.	•	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		•
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information.	•	
The prior year's external audit recommendations have been substantially implemented.	•	

Unaudited supplementary schedule

12. The supplementary schedules set out on pages 11 to 12 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 thereon.

APPRECIATION

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

Auditor General

Cape Town

28 November 2008



AUDITOR-GENERAL

FINANCIAL REPORT

for the year ended 30 June 2008

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 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 are summarised below:

	Actual R	Budget R
Planning and Design	195,930	196,006
Infrastructure	10,190,909	14,705,793
Other Projects	23,977,973	40,980,169
Non-Motorised Transport	11,646,852	16,200,000
Roads	2,982,456	2,982,456
Transport Projects	11,057,532	13,624,739
	60,051,652	88,689,163

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.

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STATEMENT OF FINANCIAL POSITION

at 30 June 2008

	Notes	2008 R	2007 R Restated
ASSETS			
Current assets			
Inter Administrator Fund	1	149,499,483	143,424,313
TOTAL ASSETS		149,499,483	143,424,313
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated Funds		29,058,623	23,643,343
Current liabilities		120,440,860	119,780,970
Unspent Conditional Grants	2	120,380,860	119,720,970
Deposits	3	60,000	60,000
TOTAL NET ASSETS AND LIABILITIES		149,499,483	143,424,313

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2008

	2008 R	2007 R Restated
REVENUE		
Grant Funding	58,722,279	35,362,757
National Department of Transport	4,552,662	8,145,622
Provincial Government Western Cape	54,169,617	27,217,135
Rentals	2,808,771	3,453,054
Interest Received	2,668,119	1,421,268
Special Projects	0	1,100,000
Sundry Income	1,368,192	1,084,203
TOTAL REVENUE	65,567,361	42,421,282
EXPENDITURE		
Implementation	60,051,652	41,506,434
Planning and Design	195,930	2,806,529
Infrastructure	10,190,909	11,674,564
Other Projects	23,977,973	9,367,713
Non-Motorised Transport	11,646,852	4,385,740
Roads	2,982,456	9,896,627
Transport Projects	11,057,532	3,375,261
Audit Fees	100,429	166,748
TOTAL EXPENDITURE	60,152,081	41,673,182
Surplus for the year	5,415,280	748,100

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2008

	Accumulated Funds R
2007	
Balance at 1 July 2006	22,895,243
Net surplus for the year	748,100
Balance at 30 June 2007	23,643,343
2008	
Balance at 1 July 2007	23,643,343
Net surplus for the year	5,415,280
Balance at 30 June 2008	29,058,623

CASH FLOW STATEMENT

for the year ended 30 June 2008

	NOTE	2007/08 R	2006/07 R Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Payments from contributors		56,824,072	14,227,515
Subsidies and transfers		(59,492,191)	(15,648,783)
Cash generated from operations	4	(2,668,119)	(1,421,268)
Interest		2,668,119	1,421,268
NET CASH FROM OPERATING ACTIVITIES		0	0
CASH FLOWS FROM FINANCING ACTIVITIES		0	0

ACCOUNTING POLICIES

for the year ended 30 June 2008

1. BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretation of such statements issued by the Accounting Practices Board, with the effective standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP statement as follows:

STANDARD OF GRAP	REPLACED STATEMENT OF GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2 : Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the Financial Statements.

The implementation of GRAP 1,2 & 3 has resulted in the following changes in the presentation of financial statements:

a) Terminology Differences

STANDARD OF GRAP	REPLACEMENT STATEMENT OF GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

b) The cash flow statement can only be prepared in accordance with the direct method.

- 1.2 The Minister of Finance has in terms of government gazette 21021 dated 9 May 2008 promulgated the implementation of the new GRAP standards with effect from 1 July 2008. The Cape Metropolitan Transport Fund has not considered adopting these standards earlier as its preliminary investigations indicated that the impact of these standards on the financial statements will be of little significance.
- 1.3 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 financial year.

2. 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 in the Financial Statements.

ACCOUNTING POLICIES

for the year ended 30 June 2008 - cntd.

3. FINANCIAL INSTRUMENTS

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

3.1 RECEIVABLES

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

3.2 PAYABLES

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

4. REVENUE

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 monies 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 invested until utilised. Interest earned is treated in accordance with grant conditions. 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 on a monthly basis.

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

6. 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 the Cape Town's accounting and procurement systems.

7. ASSISTANCE (IAS 20)

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

	2007/08 R	2006/07 R
1. INTER ADMINISTRATOR FUND		
City of Cape Town	149,499,483	143,424,313
The inter administrator fund is interest bearing and is administered by the City of Cape Town as a ring-fenced investment within the City.		
It's 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 fair value.		
The carrying amount represents the maximum credit exposure of the fund.		
2. UNSPENT CONDITIONAL GRANTS		
Provincial Government Western Cape	110,148,552	106,241,721
National Department of Transport	6,947,746	10,523,503
Other	3,284,562	2,955,746
	120,380,860	119,720,970
The unspent portion of the conditional grants will be spent over the next two or three years to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance of the 2010 projects and will be fully spent by the advent of the world cup. No amounts are due for repayment of the donors for the reason set out above.		
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 UTILISED BY OPERATIONS		
Net surplus for the year	5,415,280	748,100
Adjustments for :-		
Interest Received	(2,668,119)	(1,421,268)
Operating surplus (deficit) before working capital changes:	2,747,161	(673,168)
Increase in Payables	659,890	26,024,399
Increase in Administrator Fund	(6,075,170)	(26,772,499)
Cash utilised by operations	(2,668,119)	(1,421,268)
5. CORRECTION OF ERROR - PRIOR YEAR ADJUSTMENT		
R120m allocated by the State to the City in terms of DORA was inadvertently received by the Cape Metropolitan Transport Fund during the 2006/07 financial year. Of this amount R62,303,659 was expensed during the financial year and therefore also recognised as revenue in the Statement of Financial Performance, the balance remaining on the fund account. The effect of the reinstatement of the adjusted amounts is as follows:		
Decrease in Revenue		62,303,659
Decrease in Expenditure		-62,303,659
Decrease in Inter Administrator Fund		-62,317,293
Decrease in Unspent Conditional grants		62,317,293
		0

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008 - cntd.

	2007/08 R	2006/07 R
6. RELATED PARTIES		
The Cape Metropolitan Transport Fund was created in terms of section 18 of the Urban Transport Act (Act 78 of 1977).		
The City of Cape Town was designated as the core city and as such administers the CMTF in terms of section 17 of the Act.		
The City of Cape Town as the fund Administrator deposits all fund monies into the City of Cape Town bank account.		
Provincial Government Western Cape is the main contributor of conditional grants.		
Balance of funds held by City at the end of the year	149,499,483	143,424,313
During the year, the fund entered into the following arms length transactions with related parties:		
Grants and Donations received from Government Departments	47,199,500	52,625,000
Claims and transfers paid to the City of Cape Town	122,368,945	41,506,434
Interest paid on balances held by the City to the fund	14,850,788	11,283,424
Net Revenue collected by the City on behalf of the fund	4,176,963	4,537,257
Net Rentals	2,808,771	3,453,054
Sundry Income	1,368,192	1,084,203
7. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE		
No significant events occurred after statement of financial position date.		

DETAILED SCHEDULE OF SUBSIDIES PAID

for the year ended 30 June 2008

	Total R	Provincial Gov Western Cape R	Department of Transport R	Other Income R
PLANNING AND DESIGN				
CPTR Annual update	195,930	195,930		
	195,930	195,930	0	0
INFRASTRUCTURE				
Kuilsriver Taxi Rank	186,600	186,600		
Hanover Park	670,000	670,000		
Cape Town Station	434,250	434,250		
Du Noon Pedestrian and Cycle Paths	124,824	124,824		
Mitchells Plain Station TI	1,000,000	1,000,000		
Bus/Taxi Embayments	292,403	292,403		
Claremont Interchange and Taxi Facilities	7,482,832	7,429,000		53,832
	10,190,909	10,137,077	0	53,832
OTHER PROJECTS				
Travel Demand	195,060		195,060	
Signage	14,759	14,759		
Rehabilitation Metro Roads	4,274,702	4,274,702		
TSM	49,034	49,034		
Safety Bureau Projects	1,275,542			1,275,542
Integrated Transport Plan	67,857		67,857	
Dial-A-Ride	6,807,198	5,567,945	1,239,253	
Klipfontein Rd CCTV Cameras	11,293,821	11,293,821		
	23,977,973	21,200,261	1,502,170	1,275,542
NON MOTORISED TRANSPORT				
NMT and dignified spaces	11,646,852	11,646,852		
	11,646,852	11,646,852	0	0
ROADS				
Symphony Way	2,982,456	2,982,456		
	2,982,456	2,982,456	0	0
TRANSPORT PROJECTS				
Call Centre	441,844		441,844	
ITS/TDM	2,608,648		2,608,648	
Granger Bay Boulevard	8,007,041	8,007,041		
	11,057,532	8,007,041	3,050,492	0
TOTAL	60,051,652	54,169,617	4,552,662	1,329,374

DETAILED SCHEDULE OF UNSPENT CONDITIONAL GRANTS

at 30 June 2008

	Balance 01 July 2007 R	Receipts R	Interest Received R	Disbursements/ Transfers R	Total 30 June 2008 R
Off Ramps at N1 City	139,867		15,560		155,427
Brookrail	1,135,118		126,278		1,261,396
Security at PTI's	103,427		11,506		114,933
Maintenance: Ex CMC Roads	38,980		4,336		43,316
Public Transport Restructure Plan	863,676		81,633	195,930	749,379
Metropolitan Transport Authority Investigation	256,069		28,487		284,556
Contribution to Off Ramps at N1 City	83,391		9,277		92,668
Symphony Way	4,131,203		313,486	2,982,456	1,462,233
Brookrail	756,746		83,670	49,034	791,383
Dial-a-Ride	282,208	17,999,500	368,154	5,567,943	13,081,919
Public Transport Projects	14,656,017		1,421,635	7,165,695	8,911,957
Bicycle ways in Khayelitsha	1,355,668		150,814		1,506,482
Claremont CBD Bus Facilities	2,861,319		63,331	2,861,319	63,331
Reconstruction: Fairtrees/Lubbe/Boland Road	3,372		375		3,747
General	303,806		33,797		337,603
Bicycle and Pedestrian Facilities	38,583,376		3,430,176	11,646,852	30,366,700
Transport	80,621		8,969		89,590
Environmental Grant	79,013		8,790		87,803
Zenzele Road Maintenance Project	407,649		45,350		452,999
CCTV Cameras	16,500,102		1,452,819	11,293,821	6,659,100
Granger Bay	15,203,943		1,503,134	8,007,041	8,700,036
Proclaimed metro roads rehabilitation	9,512,042	8,700,000	1,148,994	4,274,702	15,086,334
Signage	15,834		1,761		17,595
Integrated Transport Plan	536,047		52,553	67,857	520,743
EMME/2 Conference	114,679		12,758		127,437
Dial-a-Ride	1,239,253		131,744	1,239,253	131,744
Arrive Alive Funds	234,010		26,033		260,043
Vukuhambe Project	4,298		478		4,776
ITS/TDM	5,321,690		430,170	2,608,648	3,143,212
PT Call Centre	587,671		47,587	441,844	193,415
Partnership Contributions to Off-ramps at N1 City	121,081		13,470		134,551
Contributions to CCTV project	139,120		15,477		154,597
Brookrail	756,623		84,172		840,795
Hospital Bend Pre-selection lanes		20,500,000	692,942		21,192,942
Public Private Partnership: Private Sector	104,011		11,571		115,582
Contributions to Roads: Private Sector	132,613		14,753		147,366
Contributions ex SANRAL	72,068		8,017		80,085
Contributions to Bosmansdam	355,245		39,520		394,765
National demonstration Project - S 21 Co Modalink	701,513		78,041		779,554
RDP Project - Wetton-Landsdowne Road Dev Study	30,610		3,405		34,015
Codatu VIII Conference	37,068		4,124		41,192
Cape Town 2004 Summer Olympic Games	1,482,542		164,928		1,647,470
Du Noon Pedestrian and Cycle Paths	163,259		13,512	124,824	51,947
Travel Demand	234,122		25,082	195,060	64,144
TOTAL	119,720,970	47,199,500	12,182,668	58,722,278	120,380,860



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