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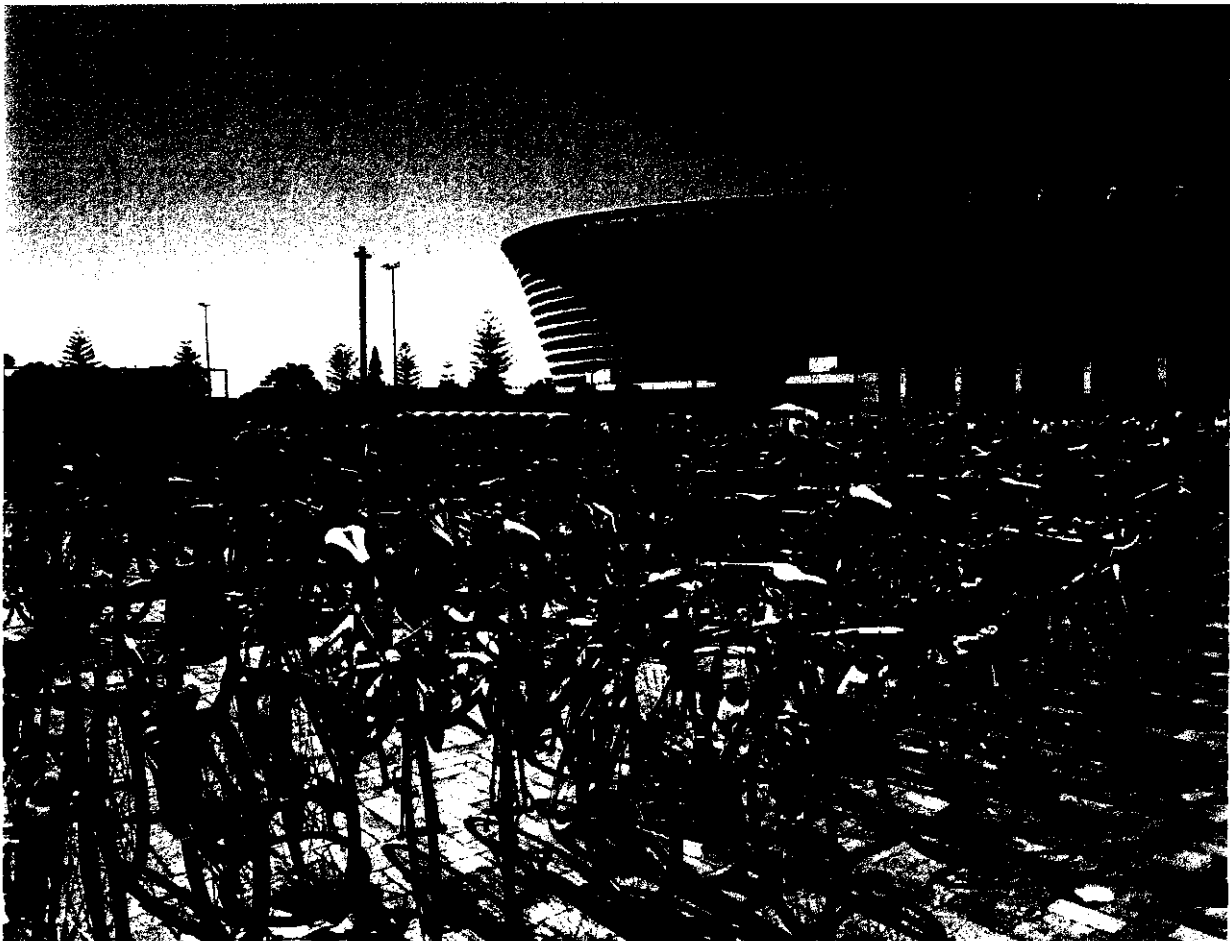
CAPE METROPOLITAN TRANSPORT FUND

AUDITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014



Making progress possible.
Together.

CAPE METROPOLITAN TRANSPORT FUND²

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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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REPORT ON THE FINANCIAL STATEMENT

Introduction

1. I have audited the financial statements of the Cape Metropolitan Transport Fund set out on pages 5 to 12, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. 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 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP.

Additional matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

7. The supplementary information set out on pages 13 to 14 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

9. I was unable to conduct the audit of performance against predetermined objectives, as the entity is not required to prepare a report on its performance against predetermined objectives. The entity does not fall within the ambit of the Municipal Finance Management Act (Act No. 56 of 2003) and the entity-specific legislation does not require reporting on performance against predetermined objectives.

Compliance with laws and regulations

10. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice in terms of the PAA.

Internal Control

11. I considered internal control relevant to my audit of the financial statements and compliance with laws and legislation. I did not identify any deficiencies in the internal control that I considered sufficiently significant for inclusion in this report.

Auditor General

Cape Town
28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CAPE METROPOLITAN TRANSPORT FUND⁵

Financial report for the year ended 30 June 2014 and Approval of financial statements

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.

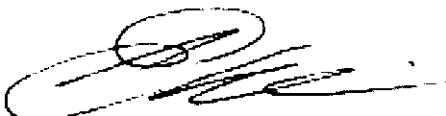
The City has established a Metropolitan Land Transport Fund (MLTF) in terms of Section 27 of the National Land Transport Act (Act 5 of 2009). The Commissioner of the City's Transport Authority, Transport for Cape Town, has requested that as of the current year, all grant funding previously allocated to the CMTF henceforth be allocated to the MLTF. This request was approved. The CMTF must continue 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 - 15 were signed by the City Manager on behalf of the core City, the City of Cape Town.



Date: 29 August 2014

CAPE METROPOLITAN TRANSPORT FUND⁶

Statement of financial position at 30 June 2014

		2014 R	2013 R
ASSETS	Notes		
Current assets			
Inter Administrator Fund	2	27 381 138	44 584 278
Total Assets		<u>27 381 138</u>	<u>44 584 278</u>
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated Funds		17 167 770	12 563 677
Current liabilities		10 213 368	32 020 601
Unspent Conditional Grants	3	10 153 368	31 960 601
Deposits	4	60 000	60 000
Total Net Assets and Liabilities		<u>27 381 138</u>	<u>44 584 278</u>

CAPE METROPOLITAN TRANSPORT FUND⁷

Statement of financial performance for the year ended 30 June 2014

	2014 R	2013 R
REVENUE		
Non Exchange Transactions	23 390 828	33 284 874
National Department of Transport	-	430 624
Provincial Government Western Cape	23 390 828	32 484 604
Other Sources	-	369 646
Exchange Transactions		
Rentals	4 188 897	4 144 808
Finance income	698 622	610 348
Sundry Income	768 676	938 111
TOTAL REVENUE	29 047 023	38 978 141
EXPENDITURE		
Implementation	24 317 315	42 576 841
Infrastructure Management Metro Roads	13 390 100	17 000 000
Dial-a-ride	696 443	-
Non-motorised Transport	5 466 949	6 858 444
N2 Gateway		566 985
Public Transport Interchange	-	2 932 805
Public Transport Projects	3 644 068	9 016 171
Traffic Safety Bureau Projects	926 486	2 686 261
Security Services	163 169	-
Public Transport Restructuring	30 100	-
Freeway Management Systems	-	2 854 374
Rail Due Diligence Study	-	430 624
Muizenberg/Simons Town Transport Study	-	231 177
Audit Fees	125 615	106 506
TOTAL EXPENDITURE	24 442 930	42 683 347
Surplus/(deficit) for the year	4 604 093	(3 705 206)

CAPE METROPOLITAN TRANSPORT FUND⁸

Statement of changes in net assets for the year ended 30 June 2014

	Accumulated Funds R
2013	
Balance at 1 July 2012	16 268 883
Surplus for the year	(3 705 206)
Balance at 30 June 2013	<u>12 563 677</u>
2014	
Balance at 1 July 2013	12 563 677
Surplus for the year	4 604 093
Balance at 30 June 2014	<u>17 167 770</u>

CAPE METROPOLITAN TRANSPORT FUND⁹

Cash flow statement for the year ended 30 June 2014

		2014 R	2013 R
	Notes		
CASH FLOW FROM OPERATING ACTIVITIES			
Payments from contributors		45 551 541	63 529 892
Subsidies and transfers		<u>(46 250 163)</u>	<u>(64 140 240)</u>
Cash generated from operations	5	(698 622)	(610 348)
Finance income		<u>698 622</u>	<u>610 348</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>-</u></u>	<u><u>-</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		<u><u>-</u></u>	<u><u>-</u></u>

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 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 recognized in the financial statements.

1.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with 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.

1.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Fund has adopted all new and revised Standards of GRAP and interpretations issued by the ASB that are relevant to its operations and are effective. The adoption of these new and revised standards and interpretations has not resulted in changes to the accounting policies of the Fund.

The Fund has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. At the date of submission of these financial statements for the year ended 30 June 2014 the following standards had been issued but no effective dates have been determined by the Minister of Finance yet:

GRAP 18	-	Segment reporting
GRAP 20	-	Related-party disclosures (revised)
GRAP 32	-	Service concession arrangements: Grantor
GRAP 105	-	Transfers of functions between entities under common control
GRAP 106	-	Transfers of functions between entities not under common control
GRAP 107	-	Mergers
GRAP 108	-	Statutory receivables

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that 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 recognized.

1.4 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.

1.5 RECEIVABLES

Trade and other receivables are recognized 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 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 funds 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 Financial Performance. 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.

1.8 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.

1.9 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 CMTF.

CAPE METROPOLITAN TRANSPORT FUND¹²

Notes to the financial statements for the year ended 30 June 2014

	2014 R	2013 R
2. INTER ADMINISTRATOR FUND		
City of Cape Town	<u>27 381 138</u>	<u>44 584 278</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	6 777 583	28 759 151
National Department of Transport	2 669 657	2 531 788
Other	706 128	669 662
	<u>10 153 368</u>	<u>31 960 601</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.

4. DEPOSITS

Refundable Deposit	<u>60 000</u>	<u>60 000</u>
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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.

CAPE METROPOLITAN TRANSPORT FUND¹³

Notes to the financial statements for the year ended 30 June 2014

	2014 R	2013 R
5. CASH UTILISED BY OPERATIONS		
Net surplus / (deficit) for the year	4 604 093	(3 705 206)
Adjustments for :-		
Interest Received	(698 622)	(610 348)
Operating surplus (deficit) before working capital changes:	3 905 471	(4 315 554)
Increase/(Decrease) in payables	(21 807 233)	(21 456 893)
(Increase)/Decrease in Administrator Fund	17 203 140	25 162 099
Cash utilised by operations	(698 622)	(610 348)

6. RELATED PARTIES

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.

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 the City at the beginning of the year

44 584 278 69 746 377

Balance of funds held by the City at the end of the year

27 381 138 44 584 278

During the year, the Fund entered into the following arms length transactions with related parties:

Grants and Donations received from Government Departments

- 10 000 000

Claims paid to the City of Cape Town

24 317 315 42 576 841

Interest paid on balances held by the City to the Fund

2 282 217 2 438 329

Net Revenue collected by the City on behalf of the Fund

4 957 573 5 082 919

Net Rentals

4 188 897 4 144 808

Sundry Income

768 676 938 111

7. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No significant events occurred after statement of financial position date.

CAPE METROPOLITAN TRANSPORT FUND 4

Detailed schedule of subsidies paid for the year ended 30 June 2014

	Total R	Provincial Government R	Department of Transport R	Other Income R
Implementation				
Infrastructure management Metro roads	13 390 100	13 390 100	-	-
Non-motorised Transport	5 466 949	5 466 949	-	-
Bicycle and Pedestrian facilities	5 466 949	5 466 949	-	-
Dial-a-ride	696 443	696 443	-	-
Public Transport Interchange	163 169	163 169	-	-
Security services	163 169	163 169	-	-
Public Transport Projects	3 644 068	3 644 068	-	-
PT improvements	1 049 280	1 049 280	-	-
Comprehensive ITP	1 325 086	1 325 086	-	-
PT infrastructure upgrade	1 269 702	1 269 702	-	-
Traffic Safety Bureau Projects	926 486	-	-	926 486
Other Projects	30 100	30 100	-	-
Public Transport Restructuring	30 100	30 100	-	-
TOTAL	24 317 315	23 390 829	-	926 486

CAPE METROPOLITAN TRANSPORT FUND¹⁵

Audit committee: 21 August

Detailed schedule of unspent conditional grants at 30 June 2014

	Balance 1 July 2013 R	Receipts/ Transfers R	Interest Received R	Disbursements/ Transfers R	Balance 30 June 2014 R
N2 Gateway	83 894	(83 894)	-	-	-
Granger Bay	3 996	(3 996)	-	-	-
Reconstruction Fairtrees/Lubbe/Baland Road	5 319	(5 319)	-	-	-
Bicycle/Pedestrian ways Khayelitsha	262 991	(262 991)	-	-	-
Claremont CBD Bus facilities	975	(975)	-	-	-
Hospital Bend	5 646	(5 646)	-	-	-
Bicycle and Pedestrian facilities	5 344 181	407 008	287 910	5 466 949	572 150
Comprehensive Integrated Transport Plan	4 048 138	-	209 678	1 325 086	2 932 730
Signage	837	(837)	-	-	-
Legacy projects 2010	848 522	(848 522)	-	-	-
General PII improvements	1 793 623	-	94 358	1 049 280	838 701
Dial-a-Ride	696 443	-	23 026	696 443	23 026
Security at PII's	163 220	-	5 395	163 169	5 446
Maintenance: Ex CMC roads	61 516	(61 516)	-	-	-
Public Transport Restructure Plan	1 064 213	-	57 880	30 100	1 091 993
Metropolitan Transport Authority Investigation	404 106	-	22 006	-	426 112
Off-ramps N1 City TSM projects	9	(9)	-	-	-
Braakroil TSM projects	211	(211)	-	-	-
General PGWC	479 438	(479 438)	-	-	-
Transport traffic lights	4 262	(4 262)	-	-	-
Environmental projects bicycle facilities	124 690	(124 690)	-	-	-
Zenzele Road maintenance project	643 315	(643 315)	-	-	-
CCTV Cameras Feeway management systems	9 720	(9 720)	-	-	-
Rehabilitation Praclaimed metro roads	580 613	12 809 487	654 384	13 390 100	654 384
WCPT infrastructure upgrade 2010 Projects	11 969 364	(10 521 245)	54 623	1 269 701	233 041
Freeway management systems	24 424	(24 424)	-	-	-
NMT landscaping Atlantis & Mamre	61 714	(61 714)	-	-	-
Du Naan pedestrian and cycle paths	73 771	(73 771)	-	-	-
	28 759 151	-	1 409 260	23 390 828	6 777 583
ITS/TDM	85 043	-	4 631	-	89 674
Travel demand	4 205	-	229	-	4 434
PT Call centre	558	-	31	-	589
Vukuhambe project	1 083	-	59	-	1 142
Dial-a-Ride	187 093	-	10 188	-	197 281
EMME/2 Conference	180 975	-	9 855	-	190 830
Arrive Alive funds	369 295	-	20 110	-	389 405
Integrated Transport Plan	739 522	-	40 271	-	779 793
RDP Project: Wetlan/Landsdawe Road dev study	48 305	-	2 630	-	50 935
Cadafu VIII conference	58 497	-	3 186	-	61 683
Cape Town 2004 Summer Olympic Games	205 910	-	11 213	-	217 123
Rail operations - due diligence study	626 671	-	34 125	-	660 796
Modolink section 21 Ca	24 631	-	1 341	-	25 972
	2 531 788	-	137 869	-	2 669 657
CCTV project	219 547	(5 876)	11 635	-	225 306
Braakroil TSM projects	(5 876)	5 876	-	-	-
Upgrading Basmanndom road	38 333	-	2 088	-	40 421
Public Private Partnership: Private Sector	164 140	-	8 938	-	173 078
Contributions ex SANRAL	113 731	-	6 193	-	119 924
PRASA	139 787	-	7 612	-	147 399
	669 662	-	36 466	-	706 128
	31 960 601	-	1 583 595	23 390 828	10 153 368