MPUMALANGA REGIONAL
TRAINING
TRUST

MRTT

ANNUAL REPORT 2023|24

Contents

PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
PHYSICAL ADDRESS	Schonland Drive, N4 Offramp No 5 Moses Kotane Street Ferrorbank Emalahleni 1035
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER/S	013 656 0875/0857
FAX NUMBER	013 656 0632
EMAIL ADDRESS	info@rttrust.co.za
WEBSITE ADDRESS	www.rttrust.co.za
EXTERNAL AUDITORS	Auditor-General South Africa 12 Nel Street Mbombela 1200
BANKERS	Standard Bank Saveways Crescent Emalahleni 1035
COMPANY/ BOARD SECRETARY	Mr. Norman Mametja

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
APP	Annual Performance Plan
APR	Annual Performance Report
Agriseta	Agricultural Sector Education Training Authority
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B&CC	Building and Civil Construction
B-BBEE	Broad-Based Black Economic Empowerment
CATHSSETA	Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CCoE	Construction Centre of Excellence
CFO	Chief Financial Officer
CI	Corporate Identity
CRDP	Comprehensive Rural Development Programme
CRO	Community Resource Organisation
CETA	Construction Education and Training Authority
DBSA	Development Bank of Southern Africa
DoE	Department of Education
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EWSETA	Energy and Water Sector Education and Training Authority
EXCO	Executive Council
FAR	Fixed Asset Register
FCMM	Financial Capability Maturity Model
FET	Further Education and Training
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HoD	Head of Department
HRM	Human Resources Management
HTA	Hospitality and Tourism Academy
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Individual Development Plan
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
MEC	Member of the Executive Council

MerSETA	Manufacturing, Engineering and Related Services Education and Training Authority
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MRTT	Mpumalanga Regional Training Trust
MTEF	Medium-term Expenditure Framework
MTPA	Mpumalanga Tourism and Parks Agency
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NPC	Non-Profit Company
NQF	National Qualifications Framework
NYDA	National Youth Development Agency
NYS	National Youth Services
OHS	Occupational Health and Safety
OTP	Office of the Premier
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PPI	Programme Performance Indicator
PPE	Personal Protective Equipment
PPP	Public Private Partnership
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
RMC	Risk Management Committee
RPL	Recognition of Prior Learning Occupational Health and Safety
SARS	South African Revenue Services
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SETA	Sector Education Training Authority
SLA	Service Level Agreement
SMCO	Senior Management Committee
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
TR	Treasury Regulations
WIL	Work-Integrated Learning

3. FOREWORD BY THE MEMBER OF EXECUTIVE COUNCIL

HON C DLAMINI
MEC FOR EDUCATION IN MPUMALANGA PROVINCE

I am pleased to deliver the Annual Report of the Mpumalanga Regional Training Trust (MRTT) 2023/24 financial year to the people of Mpumalanga. The entity made strides to contribute towards Priority 3: Education, skills and health as set out in the Medium Term Strategic Framework (MTSF) priorities of the sixth administration.

As a public entity entrusted with skilling of the out-of-school young people in the Mpumalanga province, it is with great pleasure to pronounce that the entity was able to produce quality skills and competencies required by the economy aimed at eradicating the triple challenges of poverty, inequality, and unemployment.

Throughout the financial year in question, the entity was able to utilise its skilled learners in various trades. This was aimed at closing the school infrastructure gaps through its school infrastructure repairs, maintenance projects, and this has really improved the outlook of our schools across the province. Likewise, this initiative did not only benefit the department and respective schools, it also assisted the entity with one of its challenge of Work-Integrated Learning (WIL) which guarantees certification upon completion of training.

Other notable achievements that came as a result of the school infrastructure projects from the Department's Learner on Job Training initiative, is the formalisation of the entity to the position of a Host Employer within the Building and Civil Construction industry. This was confirmed and approved by the construction skills training authority SETA, the Construction Education and Training Authority (CETA). This shows that the entity's strategic partnership with CETA was extended beyond skills training and accreditation.

I must commend the entity's ability to maintain and develop strategic partnerships, which enabled the entity to run its course in the financial year under review. These institutions include Mpumalanga Tourism Parks Agency (MTPA), Zamani Engineering. Emalahleni VW, Hydra Arc Group; Ehlanzeni and Nkangala TVET Colleges who all assisted a great deal in the delivery of our skills development efforts and provision of learner workplace training. Transitioning to the new financial year, the entity continued to explore further partnerships for the various training offerings, including plans of venturing into renewable energy training programmes in support of the Just Energy Transition (JET) programme for the province.

Such opportunities, including relevant industry partnerships and securing accreditation for renewable training programme are currently being explored by the entity in support of the provincial government strategy towards renewable energy initiatives and planned strategies. The Executive Council of Mpumalanga on 20 February 2023 resolved to mandate the Office of the Premier (OTP) to commence with an initiative to increase the Provincial skills base in line with the demands of the Provincial economy and the needs of the Just Energy Transition, the Green Economy and the development of Renewable Energy. The Executive Council on 10 June 2023 further resolved under Priority 5 of the Mpumalanga Just Transition Implementation Plan as a key output to facilitate strategic training interventions with, inter alia, TVET Colleges; MRTT and SETAs.

The Office of the MEC and the Mpumalanga Department of Education will continue to support MRTT in its skills development initiatives to ensure the entity delivers on its mandate. it gives me great pleasure to deliver the 2023/24 Annual Report for MRTT that speaks to the efforts and achievement of the entity.

Ms. C. Dlamini
Member of the Executive Council
Mpumalanga Department of Education
Date: 31 July 2024

4. REPORT BY THE CHAIRPERSON

MR. PETRUS PHAPHAMA MAOKO
CHAIRPERSON OF THE BOARD OF DIRECTORS

The 2023/24 financial year coincided with the period leading to the end of the 6th administration term of office. Reflecting on the achievement and challenges during the financial year in question, I must indeed note that the entity thrived to deliver on the strategic objective of implementing skills development initiatives set at the beginning of the financial year.

As set out at the beginning of the period, the entity continued its contribution towards achieving the second priority of "Education, skills and health" as set out in the Medium Term Strategic Framework. This was achieved through the programme of action "A skilled and capable workforce to support an inclusive growth path" that was aimed at ensuring that a shortage of qualified artisans and other technical skills is addressed in the province. The delivery of quality training has been evident through the entity's trained learners under the funded Artisan Development Programme which plays a pivotal role in contributing to the overall National Development Plan (NDP) target set for producing 30 000 artisans by 2030. To date, as we review our skills training deliverables and achievement the number of fully qualified artisans reflects a significant achievement.

In addition, the entity through our QCTO Accredited Trade Test Assessment Centre for Building & Civil Construction Trade has also made a significant achievement under the period. Cumulatively, a total of 321 candidates were trade tested and assessed through Recognition of Prior Learning (RPL) through the Emalahleni Trade Test Centre. The number includes candidates trained by the entity through a three-year apprenticeship programme, local municipalities maintenance services staff, candidates from TVET colleagues and private companies employees.

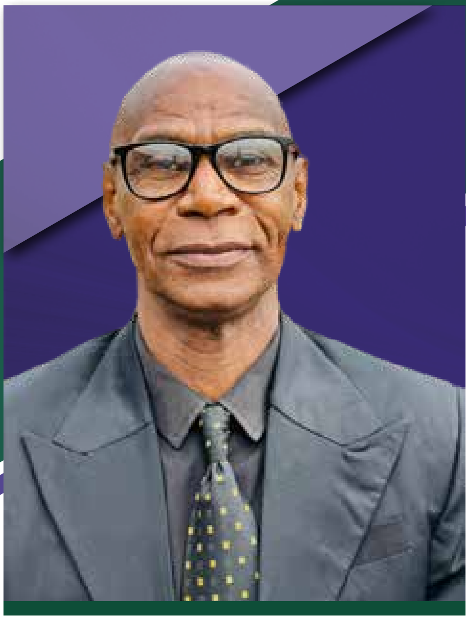
The entity recognizes that issues of youth unemployment cannot be resolved in silos. Partnerships must be forged between government, business and other relevant stakeholders to implement identified economic interventions such as the Technology parks & the Nkomazi SEZ. Henceforth, the Board Strategic Planning session of the financial year under review emphasized on the importance of Stakeholder management to boost partnerships within the skills development space.

In contrast to the above, it is with sadness to report that once again the entity has received a qualified audit opinion from Auditor-General South Africa (AGSA) for the financial year under review. The AGSA raised areas of concerns regarding the entity's assets annual assessment of useful lives as well as segment reporting. This is clearly an indication of more work to be done by the entity in strengthening internal controls and improvements in these areas. As board members we still believe we can achieve a better audit outcome in the future audit by ensuring everyone plays their part and work as a team I these areas of concerns.

Despite the negative outcome we would like to thank the CEO and management in continuing to steer the entity towards achieving its set targets and ensuring the youth of our province is being skilled to improve the lives of our communities. We believe the finalization of the organisational structure will improve the entity's capacity and enhance service delivery in order to meet the strategic intent of the entity in as far as implementation of the core mandate is concerned.

Mr. PP Maoko
Chairperson: MRTT Board of Directors
Mpumalanga Regional Training Trust
Date: 31 July 2024

MRTT



5. REPORT OF THE CHIEF EXECUTIVE OFFICER

MR. CD MAEBELA
ACTING CHIEF EXECUTIVE OFFICER

It is with utmost gratitude that I deliver the Annual Performance Report (APR) 2023/24 to the people of Mpumalanga. In the quest to deliver quality training, the entity continued to implement the set of outputs as planned out in the Annual Performance Plan (APP) 2023/24 contributing to the achievement of the entity's Strategic Plan and the National Development Plan (NDP) vision for 2030.

Notable achievements were on the review of the organisational structure and some organisational policies to ensure that the entity is governed through a set of laws and legislated prescripts. It is also worth noting that the organisation managed to fill some critical management positions after so many years of some of the post being on acting basis. This is a great progress towards closing the vacancy rate and ensuring that the entity's leadership is strengthened.

Our dream for the province is still to have a Skills and Innovation Hub that will assist in addressing the gap between skills supply and labour demand in the province. After the decision to dissolve its Subsidiary Entity Mpumalanga Innovation and Skills Hub (MISH) Board in November 2023, the entity has embarked on a process of absorbing it to its programme structure. This is indeed anticipated to come with massive restructuring of the organisation as well as yielding fruitful results.

The training of learners at the Hospitality and Tourism Academy was a resounding success that the targeted number of learners was surpassed by 100% in some training programmes, notably Culinary Studies. Over and above, the entity was able to do an outside catering services from the entity's Hotel during the Presidential Youth Imbizo where 2 800 people were successfully served and amongst them 400 VIP's. This event also became a great platform for the organisation to share its services through career exhibition to its target group.

At the end of the financial year the entity managed to secure three projects which assisted in terms of work placement opportunities for learners. Funding was secured from the Construction Education and Training Authority to a value of R12 553 210 towards apprenticeship and TVET Student placement. Conditional grant was provided to provide maintenance for 15 ECD centre with an amount of R7 978,320.66. Also, an amount of R9 163 220.00 was channelled to the entity to assist with Handymen Training for General School Assistants of 919 participating in the presidential youth employment intervention.

During the period under review the entity experienced challenges in its leadership, with the resignation of two Chief Executive Officers (CEO) and Chief Financial officer (CFO) being suspended leading to critical positions being occupied on acting basis. Filling of vacancies remained a challenge hampering the organisation from undertaking its operations fully. Budget constraints continued to be a Catch-22 as a results there was no training and development of employees, the APP had to be revised reducing some targets to match budget realities. Critical to note in relating to the budgetary constraints is the ageing infrastructure in the entity's training centres due to lack or poor maintenance.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The 2023/24 financial year posed significant budget allocation challenges for the Mpumalanga Regional Training Trust (MRTT). Despite efforts to generate revenue within the skills development sector, the financial landscape remained demanding. The Department of Education allocated a budget of R78.3 million, which included an adjustment amount of R20.8 million. Through various projects, MRTT generated R32.9 million in own revenue. However, the total expenditure for the entity reached R120.1 million, resulting in a deficit of R8 million.

MRTT

"The entity is investigating ways and means of creating a database of its learners, what they do and whether the skills they acquired from the entity are assisting them and to also understand which industries absorb the learners that have been trained by the entity."

SPENDING TRENDS OF THE PUBLIC ENTITY

MRTT's spending trends were aligned with the grant allocation however the entity spent above the budgeted amount and the amount above the budgeted amount has been disclosed as Irregular Expenditure and the revenue generated internally. The expenditure breakdown for the 2023/24 financial year is as follows:

- Compensation of employees: R59.9 million
- Goods and services: R60.1 million
- Capital expenditure: R1.7 million

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

MRTT faced numerous capacity constraints and challenges throughout the year. Despite these difficulties, we successfully delivered on our core mandate of skills development. The primary financial challenge was the budget allocation, which hindered our ability to fully deliver our mandate. Nevertheless, the entity managed to meet its targets through internally generated revenue. Placement of learners remains a significant challenge, requiring engagement with host employers and signing of Memorandums of Agreement (MOAs).

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

The entity did not discontinue any activities, all indicators that were on the original Annual Performance Plan 2023/24 (APP) were carried to the adjusted APP 2023/24.

NEW OR PROPOSED KEY ACTIVITIES

The new key activity involves the incorporation of MISH as a programme under MRTT, which is expected to enhance the overall service delivery and broaden the scope of our skills development initiatives.

REQUESTS FOR ROLL OVER OF FUNDS

The entity does not have any funds to roll over for the 2023/24 financial year.

SUPPLY CHAIN MANAGEMENT

MRTT adheres to prescribed Supply Chain Management (SCM) regulations and ensures alignment through policy formulation. The SCM policies will be reviewed, approved, and aligned with the Preferential Procurement Policy Framework Act (PPPFA) to enhance compliance and support government strategies.

Although several interventions have been implemented, effective execution requires adequate funding. Compliance with a wide range of laws and regulations remains a challenge, as it is crucial to avoid irregular expenditure.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

During the year under review, there were no unsolicited bid proposals received by the MRTT. An unsolicited bid proposal is typically an offer submitted by a vendor or contractor that was not requested by the entity. The absence of such bids indicates that MRTT did not engage in procurement processes outside the usual solicitation procedures. This reflects a structured and transparent approach to procurement, ensuring all potential suppliers have an equal opportunity to compete for contracts.

WHETHER SCM PROCESSES AND SYSTEMS IN PLACE

The MRTT has implemented robust SCM processes and systems to ensure efficient and effective procurement activities. The entity utilises the Sage Advanced Procurement Module, a comprehensive software solution that streamlines all SCM processes. This system is user-friendly and integrates all end users, including SCM practitioners, into a cohesive workflow.

KEY FEATURES:

- Comprehensive Integration: All end users within MRTT, including SCM practitioners, are integrated into the Sage Advanced Procurement Module, ensuring seamless communication and process flow.

- Automated Processes: The system automates various procurement tasks, from requisition to purchase order generation, reducing manual errors and increasing efficiency.
- Bid Committees: Bid committees are appointed on an as-needed basis, ensuring that the evaluation and awarding processes are conducted with appropriate oversight and expertise.

This system not only enhances transparency and accountability but also aligns with best practices in supply chain management.

CHALLENGES EXPERIENCED AND HOW RESOLVED

During the year under review MRTT encountered several challenges that impacted its operations. These included the alignment of policies with prevailing laws and regulations and budget cuts to grant allocations. With regards to Policy Alignment: the entity encountered challenges ensuring that its policies were in full compliance with the latest laws and regulations presented. Also, regulatory changes often necessitate updates to internal policies and procedures. Furthermore, there were grant budget cuts, which were aimed at addressing a shortfall of R20.8 million, this affected the organisation's ability to fund various programmess and initiatives.

RESOLUTIONS

- **Policy Updates:** MRTT undertook a thorough review and alignment of its policies to ensure compliance with the prevailing laws and regulations. This proactive approach involved regular consultations with legal and regulatory experts to maintain up-to-date governance standards.
- **Budget Adjustment and Revenue Generation:** To mitigate the impact of the budget cuts, MRTT implemented a strategic budget adjustment of R20.8 million. Additionally, the organisation focused on increasing its own generated revenue to sustain its activities. This included optimizing revenue streams from training programmess, consultancy services, and other income-generating activities

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW WOULD BE ADDRESSED

In the previous year, MRTT received a qualified audit opinion regarding the annual assessment of useful lives of assets. To address this, the entity conducted a 100% physical verification of assets, including a conditional assessment of all assets.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

To address financial challenges, MRTT will continue to engage with the Department of Education and Provincial Treasury for adequate annual budget allocations to meet our mandate and targets. Additionally, we will strive to generate revenue through various projects and the MRTT Hotel in Nelspruit.

EVENTS AFTER THE REPORTING DATE

There were no significant events to report after the reporting date.

ECONOMIC VIABILITY

With continuous support from the Department of Education, Provincial Treasury, and internally generated revenue, MRTT remains economically viable and is expected to continue as a going concern for the foreseeable future.

ACKNOWLEDGEMENT/S OR APPRECIATION

My sincere gratitude goes to the Board of Directors of the entity, for its continued visionary guidance and through the leadership of Mr. Petros Maoko.

I would also like to appreciate the MEC of Education Ms Landulile Cathrine Dlamini, the Head of Department Ms. Lucy Moyane for their leadership and guidance and for holding us to high standards.

Thank you to the department, the management and staff of the entity. It has not been easy but the entity continued to strive to change the lives of the poor and disadvantaged young people of the Mpumalanga Province.

Mr. CD Maebela
Acting Chief Executive
Mpumalanga Regional Training Trust

Date: 31 July 2024

6. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report is consistent with the annual financial statements.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully,

Mr PP Maoko
Chairperson: MRTT Board
Mpumalanga Regional Training Trust
Date: 31 July 2024

Mr. CD Maebela
Acting Chief Executive Officer
Mpumalanga Regional Training Trust
Date: 31 July 2024

7. STRATEGIC OVERVIEW

7.1. VISION

To be recognized as a world-class, accredited and sustainable skills development provider.

7.2. MISSION

To provide quality-training interventions, work integrated learning, placement and after-care according to the demands of the market that we serve for job creation and poverty alleviation.

7.3. VALUES

- Accountability;
- Commitment;
- Innovation;
- Integrity; and
- Professionalism

8. LEGISLATIVE AND OTHER MANDATES

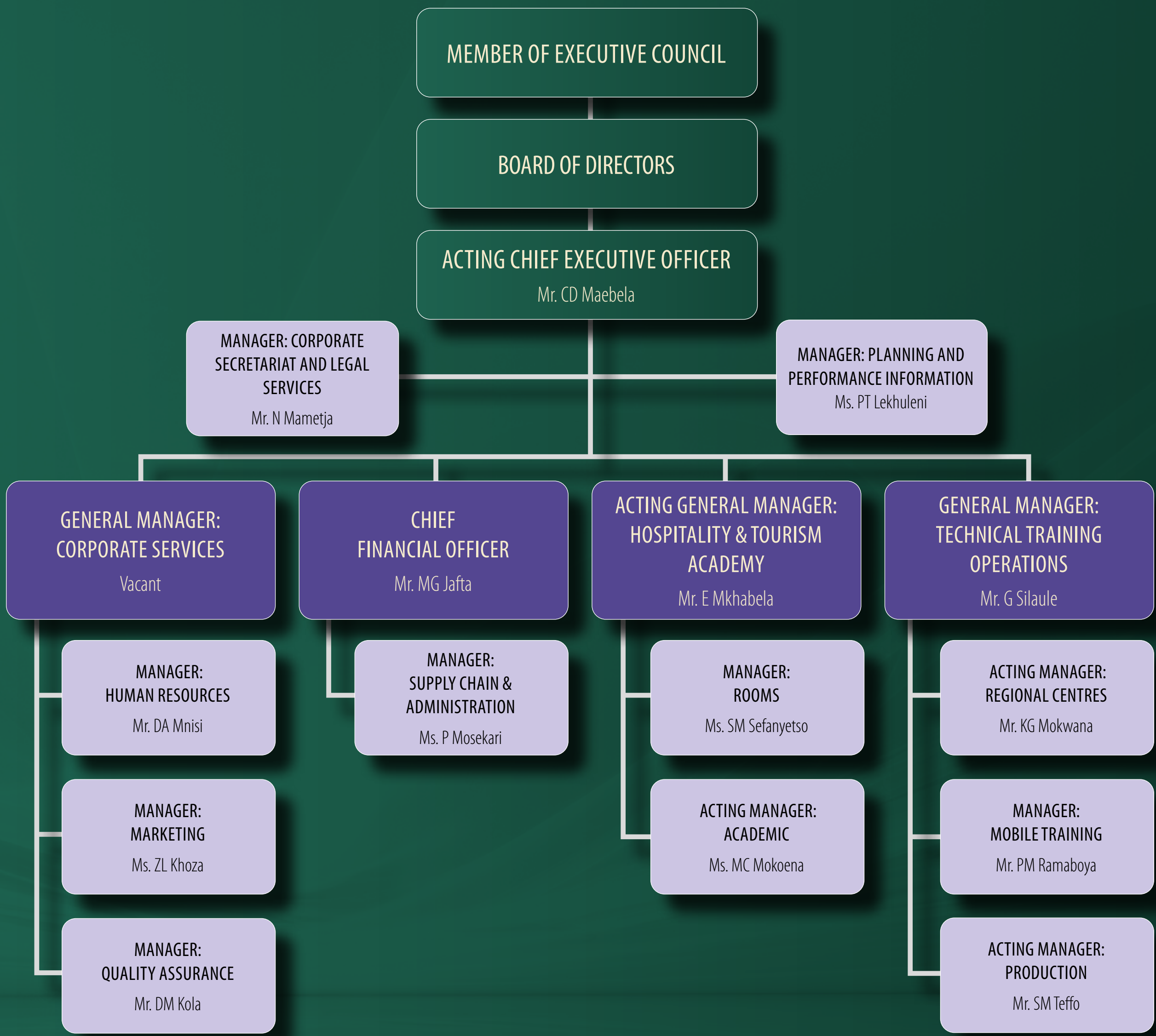
The MRTT is registered as a schedule 3C entity in terms of the Public Finance Management Act, No. 1 of 1999.

MANDATES	PURPOSE
Constitution of the Republic of South Africa, Act 108 of 1996	This legislation requires education to be transformed and democratised in accordance with the values of human dignity, human rights and freedom, non-racism. It guarantees basic education for all with the provision that everyone has the right to basic education, including adult basic education and provision of Further Education and Training.
Skills Development Act, No. 97 of 1998	Increasing the skills levels of human resources in the workplace and to support career pathing.
South African Qualifications Authority Act, No. 58 of 1995	Provides for the development and implementation of National Qualification Framework and for this purpose to establish the SAQA, and to provide for matters connected therewith.
Labour Relations Act, No. 66 of 1995	Regulates the organisational rights of trade unions, promotes, and facilitates collective bargaining at the workplace and at sectoral level. Furthermore, to promote and maintain sound labour practices.
Public Finance Management Act, No. 1 of 1999	Regulates financial management to ensure that all revenue, expenditure, assets and liabilities of government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in government; and to provide for matters connected therewith.
Companies Act, No. 71 of 2008	Provides for the incorporation, registration, organisation and management of companies and provide for equitable an efficient mergers and takeovers of companies
Employment Equity Act, No. 55 of 1998	Promotes the constitutional right of equality and the exercise of true democracy; eliminate unfair discrimination in employment; ensure the implementation of employment equity to redress the effects of discrimination
Basic Conditions of Employment Act, No. 75 of 1997	Gives effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; and to provide for matters connected therewith.
Occupational Health and Safety Act, No 85 of 1993	Provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.

OTHER LEGISLATIVE FRAMEWORK

- Registered and a constituent member of the Education, Training and Development Practitioner SETA (ETDP SETA) under the Skills Development Act, 1998 (Act No. 97 of 1998) and the Skills Development Levies Act, 1999 (Act No. 78 of 1999) - Skills Levy No. L10073499
- Registered as a National Training Provider with the Department of Labour, Registration No. 5869

9. ORGANISATIONAL STRUCTURE



10. MEMBERS OF THE BOARD OF DIRECTORS

PP MAOKO
CHAIRPERSON

MRS L MOTSHWANE
DEPUTY CHAIRPERSON

TR MOKGOSHI
NON-EXECUTIVE DIRECTOR

B SIBANYONI
NON-EXECUTIVE DIRECTOR

MR HH NKANYANE
NON-EXECUTIVE DIRECTOR

MI TIBANE
NON-EXECUTIVE DIRECTOR

L MOYANE
HEAD: PROVINCIAL DEPARTMENT OF EDUCATION - *EX- OFFICIO*

11. SENIOR MANAGEMENT

MR CHRISTOPHER MAEBELA
ACTING CHIEF EXECUTIVE OFFICER

BONGANI HLATSHWAYO
ACTING CHIEF FINANCE OFFICER

GIDEON SILAULE
GENERAL MANAGER:
TECHNICAL TRAINING OPERATIONS

ERNEST MKHABELA
ACTING GENERAL MANAGER:
HOTEL AND TOURISM ACADEMY

PART B

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 62 of the Report of the Auditors Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

The financial year 2023/24 marks the 4th year towards the implementation of the 5-year Strategic plan of the 6th administration. This financial year continued to operate under a financially constrained environment after the series of events crippling the economy of the country since the commencement of the implementation of the 5-year plan in 2020. Contrary, the entity thrived beyond reasonable doubt to deliver services to its stakeholders.

Various tools and platforms were used to reach and interact with the public and stakeholders to fuel the service delivery stance of the entity. Public participation events in the year under consideration includes the outside catering services from the entity's Hotel during the Presidential Youth Imbizo where 2 800 people were successfully served and amongst them 400 VIP's.

Stakeholder engagement is one of the crucial tool of enhancing service delivery. As such, the entity strengthened its interaction with strategic stakeholders on various platforms and this yielded positive results. The fruits of these engagements, includes but not limited to the; Business & Cooperatives Training for 40 CRDP Mix Farming Systems learners based in Thembisile Hani & Dr JS Moroka, a breakfast partnership with Ehlanzeni TVET College which brought business to the entities Hospitality & Tourism Academy as well as partnership with Nkangala TVET College to assist the college with a training assessment College ARPL Project of 95 candidates funded by construction SETA (CETA).

Being the custodian of training the most underprivileged youth in the Mpumalanga province. The entity ensured that it operates and serve its customers in accordance to the Batho Pele principles;

Information: Information on important news, events, programmes and policies was advertised and communicated on various social media platforms as well as on the website which was also updated timeously, to ensure that it reaches all youth of the Mpumalanga Province even those in remote areas. Over and above that, information about the services of the entity was distributed through career exhibitions and advertisements. At the end of the 2023/24 financial year the entity reached out to 14 937 followers on all platforms

Value for money: The services that were delivered in the said financial year, had value for money for learners as it was not only Theoretical courses the entity ensured that learners were also ready for work through its workplace training, coaching and mentorship programme at the end of the financial year 220 learners were exposed to the programme.

Transparency: The entity ensured that they were transparent about the services offered, fee paying courses and amounts were disclosed. Over and Above, the entity published its Annual Performance Plan, Annual Report and financial standing of the Prior year to be transparent to the public about both the financial and non- financial performance of the institution.

Access: The centres are located within the communities making it easy to be accessible by the target market. Furthermore, the mobile training programme also ensured that services are also accessible to other parts of the province.

The challenge encountered was on training of more chefs needed to be absorbed by the industry, to also meet the marketing efforts by the Department of Tourism and a steady increase in domestic tourism. This can be corroborated by the statements from the sectoral skills plan from Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) whom highlighted the shortage of chefs and cooks in the industry, coupled with an increase in international tourists fuelled by the affordable currency. Also the state of the Hotel with regards to its infrastructure is halting the Hotel from reaching its full service delivery potential.

2.2. ORGANISATIONAL ENVIRONMENT

The entity witnessed instability in leadership for the period under consideration. Two Chief Executive Officers resigned and the post has been on acting basis since September 2023. Notwithstanding the above, the Chief Financial officer was also suspended and an Acting personnel was appointed, this means that out of the four senior officials of the entity, three are on acting basis. Additionally, critical posts were filled to enable the organisation to execute its mandate and achieve its strategic objectives.

After unsuccessful attempts to review the organisational structure for the past years, the 2023/24 financial year made strides to ensure the structure is reviewed in line with legislated prescripts. As such, this will give a strategic direction to the entity, on one hand ensuring that the vacancy rate is well managed whilst on the other hand enabling a proper allocation of responsibilities among available human resources. The entity also managed to review all Human Resources Management policies aimed strengthening the operations of the organisation as well as enabling the implementation of performance management system across the board.

The entity encountered numerous setbacks on the period under review. There were disciplinary challenges which proved to be the cause of inefficiencies and delays in service delivery more especially where key personnel are involved. Budgetary constraints had also been a major challenge affecting the entity's operations. As a result, training and development of employees was not prioritized due to the above and this impacted negatively on the workplace skills plan that was developed and submitted to the relevant authorities.

Poor maintains of facilities continued to worsen the aging infrastructure within the facilities, rendering ineffective and inefficient service delivery to learners and guests for the hotel and conference facilities.

The Department of Education ring fenced some funds specifically for the hotel roof, which has been the Achilles heel of the hotel in order to assist in addressing the issue of infrastructure. Policies and Standard operating procedures have been reviewed and updated to help provide guidance on the conduct of employees, whilst consequence management is being implemented.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no new policy or legislative developments effected that impacted on the implementation of the mandate of the entity.

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Mandated with the training of out of school youth which is crucial in the development of skills in the province and nationally, as it provides technical skills that are needed by industry and the market. The entity set out its outcomes at the beginning of the sixth administration aligned to the Medium Term Strategic Framework Priority 3 Education Skills and Health. As set out in the Strategic Plan 2020/21-2024/25 the entity committed to the following outcomes:

- Provision of theoretical and practical skills training,
- Provision of mentoring and couching for workplace integrated learning,
- Accredited skills training and qualification programmes,
- Artisan development,
- Graded and accredited accommodation services and workplace training,
- Comprehensive Rural Development programme (CRDP),
- Provision of mentoring and coaching for workplace integrated learning,
- Assuring quality of training,
- Clean audit opinion,
- Increased learner intake,
- Administrative support management,
- Legal and secretariat management,
- Human Resource management, and
- Monitoring and evaluation.

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The above outcomes were thus delivered through a set of programme which are aligned towards providing skills that would be used to grow the economy and provide opportunities to its service delivery beneficiaries. The programmes are designed in a way that will ensure learners who do not have academic backgrounds are able to get both theoretical and practical.

Notable achievements on theoretical and practical skills training were observed with 138 learners trained on theoretical content on both Culinary and Hospitality studies. A further 70 learners were trained on customized training surpassing the planned target of 20 for the financial. With regards to mentoring and couching for workplace, 241 learners received practical work exposure on Rooms as well as Food and Beverage.

A total number of 383 learners received training on various programmes such as Comprehensive Rural Development Programme (CRDP) which assisted on upskilling communities within deep rural local municipalities; accredited skills training and qualification programmes which was aimed at upskilling and enabling its beneficiaries secure employment opportunities or to be self-employed as well as through Artisan Development. With regards to workplace training, a total of 105 learners were placed on various workplace programmes. This notable achievement can also be attributed to the opportunities received through secured projects during implementation of the PYEI & ECD Maintenance projects. As a result, the PYEI initiative produced 919 school teacher's assistance who were trained in various skills that will assist in repairing of schools minor damages throughout the province. The training was focusing on handy-work skills in carpentry, painting and gardening and landscaping skills.

The entity did its outmost best in the provision of administrative support to ensure the entity achieve its mandate. The Entity ensure that at least 93% of contractors are paid within 30 days to fast track service delivery. Of the companies that did business with the entity, 71% fell on the B-BBEE category. An institution well governed in accordance to laws and legislative prescripts tends to produce good outcomes. As such, the entity complied to the Revised Framework on Strategic Plan and Annual Performance Plan, and thus developed one Annual Performance Plan to be implemented for the 2024/25 financial year to track the organisation progress toward the achievement of its strategic objective. With regards to the Co-ordination and maintenance of quality training processes, and improvement of services. The entity continued to maintain its primary accreditation as well as getting the approval of its four programmes with:

- Manufacturing, Engineering and Related Services Education and Training Authority (MerSETA);
- Energy and Water Sector Education and Training Authority (EWSETA);
- Agricultural Sector Education Training Authority (AgriSETA); and
- Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority (CATHSSETA)

and managed to apply for the application and submission of accreditation for Quality Council for Trades and Occupations (QCTO) Qualifications.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

PURPOSE OF THE PROGRAMME

Skills Development in the hospitality as per QCTO, CATHSSETA, related sectors, identified scarce and critical skills audit within the prescribed standards to enable meaningful participation in the development of the industry.

PROGRAMME 1 SUB-PROGRAMMES AND PURPOSE

Academic: Skills Development in hospitality as per QCTO and CATHSSETA identified scarce skills audit within the prescribed standards to enable meaningful participation in the development of the industry.

Rooms: Provision of learners' workplace exposure, coaching, mentoring, and successful management of the hotel operations. In addition, retain the 3-star Tourism Grading for the Hospitality and Tourism Academy.

Food and Beverage: Provision of coaching and mentoring of learners in the workplace and successful management of the Food and Beverage operations.

INSTITUTIONAL OUTCOMES

Provision of theoretical and practical skills training in a graded and accredited establishment

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The training of learners at the Hospitality and Tourism Academy was a resounding success that the targeted number of learners was surpassed by 100% in some training programmes, notably Culinary Studies. A total of 138 learners were trained in SAQA registered programmes Culinary Studies and Hospitality Studies. This overachievement can be attributed to the marketing efforts on learner recruitment which were intensified on social media and career exhibitions. Noteworthy, by the end of the financial year a total of 111 learners trained were females and no learner was reported to be living with disability. Not only were they trained theoretically, the learners were also coached and mentored in a graded and accredited establishment. At the end of the financial year, 151 learners were successfully coached and mentored on the management of the Food and Beverage Operations. A further 90 got exposure on the management of the hotel operations.

The budgetary constraints proved to be hampering the operation's progress, considering the filling of vacant positions that are key in the workplace coaching and mentoring of learners, current or modern equipment and utensils, training aids & facilities and training and development of employees. Various measures were taken to help mitigate all the challenges inter alia, rotation of learners in practical classes, the use of the production kitchen for practical and sending learners to other establishments (Partners) where state of art equipment and utensils are used in a bid to empower and expose the learners for seamless integration to the workplace .

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME 1 HOSPITALITY AND TOURISM ACADEMY / SUB-PROGRAMME: ACADEMIC							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF THEORETICAL AND PRACTICAL SKILLS TRAINING IN A GRADED AND ACCREDITED ESTABLISHMENT							
Learners trained in SAQA registered programmes Culinary Studies and Hospitality Studies	POI 101: Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	21 learners	63 learners enrolled 112 learners for 2023/24	50 learners	102 learners	52 learners	More learners showed interest on this programme due to Marketing efforts on learner recruitment were intensified on social media and career exhibitions
	POI 102: Number of learners to receive training in SAQA registered learning programmes in Hospitality Studies	No learners trained	8 learners	20 learners	36 learners	16 learners	More learners showed interest on this programme due to Marketing efforts on learner recruitment were intensified on social media and career exhibitions
Learners receiving customized skills training	POI 103: Number of learners to receive customized training	85 learners	38 learners	20 learners	70 learners	50 learners	Having received more learners on POI 101 and POI 102, resulted in more learners being trained on customised training
Coaching and mentoring of learners in a graded and accredited establishment (Rooms)	POI 104: Number of learners receiving coaching and mentoring in the workplace	100% learners trained in academic were coached and mentored in the workplace	70 learners trained in Academic	70 learners trained in Academic	90 learners	20 learners	Having received more learners on POI 101 and POI 102, resulted in more learners being sent for workplace exposure, training, coaching and mentoring for hotel operations
Coaching and mentoring of learners in a graded and accredited establishment (Food and Beverage)	POI 105: Number of learners receiving coaching and mentoring in the workplace (Culinary)	100% learners trained in academic were coached and mentored in the workplace	60 learners trained in Academic	50 learners	61 learners	11 learners *Quarterly target error in the APP 20 instead of 50*	Having received more learners on POI 101 and POI 102, resulted in more learners being sent for workplace exposure, training, coaching and mentoring for to Food and Beverage operations
	POI 106: Number of learners receiving coaching and mentoring in the workplace (Hospitality Studies)	100% learners trained in academic were coached and mentored in the workplace	25 learners trained in academic	20 learners	90 learners	70 learners	Having received more learners on POI 101 and POI 102, resulted in more learners being sent for workplace exposure, training, coaching and mentoring for to Food and Beverage operations

LINKING PERFORMANCE WITH BUDGETS

The Hospitality and Tourism Academy (HTA) at the MRTT faced financial challenges in the period leading up to 31 March 2024. The primary issue was a reduction in their budget allocation. This cut in funding created a shortfall, making it difficult for the academy to cover its operational expenses and maintain its regular activities.

To address this financial gap, the HTA had to rely on its own generated revenue. This revenue likely came from various sources, such as:

- **Training Programmes and Courses:** Fees collected from individuals and organisations participating in the academy's training programmess and courses.
- **Hotel and Accommodation Services:** Income from the operation of the academy's hotel, including lodging, events, and conferences.
- **Catering and Hospitality Services:** Earnings from providing catering and other hospitality services for events and functions.

By utilizing this self-generated revenue, the HTA managed to sustain its activities despite the budget cut. However, this approach has also put a strain on the academy's financial stability, as it required tapping into resources that have been allocated for other purposes or future development.

	2023 /2024			2022/2023		
PROGRAMME 1	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Academic	3 831	4 962	-1 131	3 178	2 934	244
Rooms	8 766	12 423	-3 657	10 071	8 178	1 893
Food and Beverage	3 699	4 520	-821	4 293	2 592	1 701
TOTAL	**16 296**	**21 905**	**-5 609**	**17 542**	**13 704**	**3 838**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There were no areas of under-performance under this programme

3.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

PURPOSE OF THE PROGRAMME

Develop skills in construction, manufacturing, metal trades, agriculture, and mechanic, electrical and related trades including the provision of workplace training.

PROGRAMME 2 SUB-PROGRAMMES

Training Centres: Develop skills in construction, manufacturing, metal trades, mechanical, electrical and related trades.

Mobile Training: Provision of quality training through secured funded programmes including skills programmes, learnerships and apprenticeships by upskilling and supporting unemployed youth in local municipalities.

Comprehensive Rural Development Programme (CRDP): Upskilling and supporting unemployed youth in rural communities through skills training development programmes.

Technical Production: Secure projects for income generation and to provide workplace training for MRTT learners.

INSTITUTIONAL OUTCOMES

Provision of accredited skills training and qualification programmes

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Based on its Mission "To provide quality-training interventions, work integrated learning. Placement and after care according to the demand of the market that we serve for job creation and poverty alleviation". The entity delivered a 100 % performance achievement under Programme 2. Quality training was delivered optimally, with 236 learners trained on accredited programmes through apprenticeship and learnerships and 107 trained through secured funding in skills programmes; learnership and Apprenticeships towards Artisan Development. Furthermore, the entity thrived to ensure that learners are not only being trained theoretically but they also get practical work experience to supplement what was leant in class. As such, a total of 105 learners were placed on various workplace programmes. This notable achievement can also be attributed to the opportunities received through secured projects during implementation of the PYEI & ECD Maintenance projects.

At the end of the financial year the entity managed to secure 3 projects which assisted in terms of work placement opportunities for learners. Funding was secured from the Construction Education and Training Authority to a value of R12 553 210 towards apprenticeship and TVET Student placement. Conditional grant was provided to provide maintenance for 15 ECD centre with an amount of R7 978,320.66. Also, an amount of R9 163 220.00 was channelled to the entity to assist with Handymen Training for General School Assistants of 919 participating in the presidential youth employment intervention. Additionally, 53 candidates were assessed on RPL and Trade Testing, this was aimed at determining the skill competency level of workers and certify competent workers as qualified personnel in their field.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING (Q1-Q2)

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES								
Learners trained in accredited programmes through apprenticeship and learnerships at different levels	POI 201: Number of learners to receive accredited or customised institutional training and continuing	284 learners 53 learners completed with practical simulation	428 learners	220 learners	107	-113	Few learners were enrolled due to financial constraints	The downward revision was as a result of budget cuts as issued by the National treasury

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES								
Learners trained through secured funding on skills programmes; Learnerships and apprenticeship	POI 203: Number of learners trained through secured funding in skills programmes; learnership and Apprenticeships, towards Artisan Development	155 learners 21 continuing in the second year	1 536 learners	140 learners	117	-23	Some of the learners registered did not report to commence with training in the second quarter	The downward revision was as a result of budget cuts as issued by the National treasury
Learners on workplace training and incubation programme	POI 204: Number of learners targeted for workplace opportunities and incubation programme	65 learners	12 learners	60 learners	17	-43	Not enough work placements opportunities available	The downward revision was as a result of budget cuts as issued by the National treasury

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES							
Learners trained in accredited programmes through apprenticeship and learnerships at different levels	POI 201: Number of learners to receive accredited or customised institutional training and continuing	284 learners 53 learners completed with practical simulation	428 learners	200 learners	236 learners	36 learners	More fee paying learners showed interest in training programmes
Candidates on RPL and Trade Testing	POI 202: Number of candidates on RPL and Trade Testing	106 Candidates	60 candidates	50 candidates	53 candidates	3 candidates	More candidate were on RPL and were Trade Tested
Learners trained through secured funding on skills programmes; Learnerships and apprenticeship	POI 203: Number of learners trained through secured funding in skills programmes; learnership and Apprenticeships towards Artisan Development	155 learners 21 continuing in the second year	1 536 learners	120 learners	107 learners	-13 learners	Under performance is due to absconsion of learners during the financial year
Learners on workplace training and incubation programme	POI 204: Number of learners targeted for workplace opportunities and incubation programme	65 learners	12 learners	40 learners	40 learners	Not Applicable	Not applicable
Learners trained on the CRDP programmes	POI 205: Number of learners receiving accredited training through skills programmes	78 learners	38 learners	40 learners	40 learners	Not Applicable	Not Applicable

MRTT

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES							
Learners receiving workplace training opportunities through secured projects	POI 206: Number of learners receiving training through secured projects	88 learners	47 learners	40 learners	65 learners	25 learners	More learners received workplace training opportunities through secured projects during implementation of the PYEI & ECD Maintenance projects.
	POI 207: Number of projects secured	2 Projects	4 projects (R 33.6 million)	3 projects (5 million)	3 Projects	Not Applicable	Not Applicable

LINKING PERFORMANCE WITH BUDGETS

The financial performance of the Technical and Training Operations for the reporting period presented a mixed bag of results, reflecting both under expenditure and areas of overspending across various sub-programmes. The overall financial results indicate an under expenditure within the programme. This suggests that, on a broad level, the programme managed to operate below the allocated budget for the reporting period.

It is important to note that some sub-programmes within the Technical and Training Operations experienced overspending. This was primarily due to the budget cuts in the grant allocation for the fiscal year. The reduction in grant allocation created financial strain on certain sub-programmes, which were unable to adjust their spending in line with the reduced budget. Despite the financial challenges posed by the budget cuts, the programme was able to maintain sustainability through their own generated revenue. The revenue generation initiatives included:

Learners' Tuition Fees: these are tuition fees collected from learners enrolled in various training programmes played a significant role in supplementing the budget. These fees provided a steady stream of income that helped offset the financial shortfall caused by the budget cuts.

Projects with the Department of Education: various projects undertaken in collaboration with the Department of Education also contributed to the own generated revenue. These projects not only provided additional funds but also enhanced the operational capacity of the Technical and Training Operations, enabling them to deliver quality training and education services.

PROGRAMME 2	2023/2024 BUDGET R'000	2023/2024 ACTUAL EXPENDITURE R'000	2023/2024 (OVER)/UNDER EXPENDITURE R'000	2022/2023 BUDGET R'000	2022/2023 ACTUAL EXPENDITURE R'000	2022/2023 (OVER)/UNDER EXPENDITURE R'000
Training centres	13 334	16 525	-3 191	13 893	14 627	-734
Artisan Development	2 999	683	2 316	2 586	495	2 091
Mobile	9 618	11 582	-1 964	11 279	22 851	-11 572
CRDP	2 980	1 195	1 785	3 152	862	2 290
Technical Production	9 829	5 598	4 231	1 781	4 435	-2 654
TOTAL	38 760	35 583	3 177	32 691	43 270	-10 579

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The indicator on POI 203: Number of learners trained through secure funding in skills programmes; learnership and Apprenticeships towards Artisan Development did not perform well due absconsion of learners during the financial year. The strategy to be employed to improve its performance is to strengthen recruitment processes and also benchmark the programme with other institution in terms of reducing the issues of absconsions.

3.3. PROGRAMME 3: CORPORATE SERVICES

PURPOSE OF THE PROGRAMME

Provision of administrative support, coordination of quality processes, financial function, sound human resource development and marketing strategies. Monitoring and evaluation of organisational performance and good corporate governance.

PROGRAMME 3 SUB-PROGRAMMES

Quality Assurance: Co-ordination and maintenance of quality training processes, and improvement of services.

Finance: Provision of oversight role over the financial function and ensuring high financial management service levels.

Marketing: Provision of marketing and communication services. Market the entity's products and services in order to attract suitable candidates and potential clients- strengthen stakeholder relations through constant communication.

Administration and Supply Chain Management: Provide administrative support and prudent supply chain management.

Human Resources Management: Provision of effective Human Resource Management services.

CEO's Office: Provision of support to the Board of Directors through corporate governance and legal secretariat services.

Planning and Performance Information: Provision of monitoring and evaluation of organisational performance, strategic planning and performance reporting.

INSTITUTIONAL OUTCOMES

Provision of administrative support to the entity and quality assurance processes, in line with the QCTO and SETA landscape.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

In its effort to ensure that the works and the services of the entity are well known and promoted across the province, the entity strived to strengthen its career drive recruitment programme. At the end of the financial year, 41 commercial advertisements were published reaching a total of 14 937 followers on all platforms. A total of 36 Career Exhibitions were conducted which enabled the entity to reach out to a handful number of learners across the province. Also 10 newsletters were released to keep its staff informed on internal affairs and developments.

Initiatives with key strategic stakeholders were facilitated with the aim of fostering value –add working relations and partnership that will benefit and elevate the entity's skills development initiatives. The entity hosted Breakfast Strategic Partnerships sessions with the aim of discussing joint skills development interventions with lasting impact, and these sessions included the following strategic public entities:

- Education, Training and Development Practices (ETDP);
- Sector Education Training Authority (SETA);
- Mpumalanga Tourism and Parks Agency (MTPA); and
- Ehlanzeni TVET College.

According to Chapter 3 of the Skills Development Act 1998, SETAs play a pivotal role in facilitating skills development within specific economic sectors. It exists to contribute and bring skills to the employed or those wanting to be employed in their section. As such, the entity ensured that its training programmes are approved and renewed with relevant SETAs (MerSETA, EWSETA, AgriSETA and CATHSSETA) to maintain its accreditation status. Furthermore, the organisation submitted its application of Accreditation for QCTO Qualifications.

In accordance to the B-BBEE Act, which is aimed at promoting economic transformation to enable meaningful participation of black people in the economy, achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises. It is with great pleasure to note the 71% achievement spent on B-BBEE against the total procurement spent. Although not all valid invoices were paid within 30 days, the entity made effort to pay at least 93% of the invoices received within the statutory period. Various challenges such unpaid invoices, noncompliance by end users, overdue payments to Otis and Rentokil amongst others prevented the entity to comply with this policy.

Compliance to legislative prescripts and policies contributes to good governance. In the financial year under review, 100% Matters brought to Legal Services, were responded to within 14 working days. Some of the matters were relating to Misconduct of an employee, letters of demand, CCMA case and others. Human Resource Compliance reports and plans that were due for the financial year under review, included the Work Skills Plan (WSP) and ATR which was subsequently submitted to the ETDP-SETA as well as the Employment Equity Report which was still at a draft level pending submission to SAMCO for review by the end of the reporting. Planning for the 2024/25 financial year was completed, an Annual Performance plan was compiled in line with the Revised Framework for Strategic Plan and Annual Performance Plan and submitted to relevant bodies as legislated.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: CORPORATE SERVICE							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE.							
Training programmes approved and renewed	POI 301: Number of Accredited training programmes approved and renewed with relevant SETAs and QCTO"	Maintained 1 primary accreditation with CETA and 3 programme approvals with MerSETA, AgriSETA and CATHSSETA	1 primary accreditation maintained and 3 programme approvals with MerSETA, CATHSETA and AgriSETA	Maintain 1 primary accreditation and 4 programme approval with MerSETA, EWSETA AgriSETA, CATHSSETA. Application of Accreditation for QCTO Qualifications	Maintain 1 primary accreditation and 4 programme approval with MerSETA, EWSETA, AgriSETA, CATHSSETA. Application of Accreditation for QCTO Qualifications submitted	Not Applicable	Not Applicable
Payment of suppliers within 30 days	POI 302: Percentage of creditors paid within 30 days of receipt of a valid invoice	100% Creditors paid within 30 days of receipt of a valid invoice	87.40% creditors were paid within 30 days	100% creditors paid within 30 days of receipt of a valid invoice	93%	-7%	Underperformance was due to challenges such as Stipends withheld from MRTT ex- employees and were attached to the CRDP sub-programme that failed to submit to the entity, overdue payments to Otis and Rentokil as well as unpaid invoices owing to liquidity challenges.
Clean Audit Opinion	POI 303: Unqualified annual financial statements without any material misstatements	-	Unqualified Audit opinion	Clean Audit Opinion	Qualified audit opinion	Unqualified audit with no findings	Non-attainment due to noncompliance with rules and regulations and the assessment of useful life's of assets
Recruit learners to enrol with the MRTT	POI 304: Number of learner recruitment drives undertaken	15 Learner recruitment advertisement 18 Career exhibitions 72 School visits	22 Career exhibitions	30 Career Exhibitions	36 Career Exhibitions	6 Career Exhibitions	Increased demand and invitations for the entity's participation in various exhibitions to share information on the MRTT programme offerings
Corporate advertising	POI 305: Number of corporate advertisements published	25 Corporate advertisements	18 Corporate advertisements	14 Corporate advertisements	41 Corporate advertisements	10 Corporate advertisements *Annual target error in the APP 14 instead of 31*	More efforts were put in advertising the MRTT Hospitality & Tourism Academy facilities for Conferencing and Accommodation purposes in order to generate the much needed extra income for the entity
		Newsletters	4 Newsletters published	10 Newsletters published	10 News letters	Not applicable	

PROGRAMME / SUB-PROGRAMME: CORPORATE SERVICE							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE.							
Advance transformation and support to SMME's	POI 306: Percentage spent increased on B-BBEE against the total procurement spent	62% Spent on B- BBEE	77.38% spent on B- BBEE on goods and services	70% spend on B-BBEE on goods and services	71% spend	1% spend	Not applicable
Building capacity on the PM system	POI 307: Number of performance management capacity building/ support sessions and performance agreements signed	2 PMS capacity building sessions conducted	0 PMS capacity building session	1 PMS capacity building session	0 PMS capacity building session	-1 PMS capacity building session	Capacity building session was not conducted since the PMS policy was not approved due to prolonged internal consultation process and HR wanted to train employees on the approved revised policy
			30% employees signed performance agreements	100% employees signed performance agreements	33% employees signed performance agreements	-67% employees did not sign performance agreements	Most employees were discouraged to signed performance contract and assessments due to performance bonus not being paid in the past two years
Development of the EE plan and WSP	POI 308: Number of HRM compliance reports and plans submitted to relevant institutions	1 WSP and ATR submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA	WSP and ATR submitted to the ETDP-SETA	-1 EE plan and EE report	An EE plan has been drafted and the draft will be submitted to SAMCO for inputs and other committees for approval, the EE report will then be compiled upon completion of the Plan
		1 EE plan and EE report submitted to the Dept. of Employment and Labour	1 EE plan and EE report submitted to Dept. of Employment and Labour	1 EE plan and EE report submitted to Dept. of Employment and Labour	0 EE Plan Report		
Provision of legal services to the board and management	POI 309: Number of days to respond to legal matters brought to the legal services	Matters responded to within 14 working days	All legal matters received attended to within the fourteen (14) days turn around period	Matters responded to within 14 working days	9 of 9 Matters brought to Legal Services responded to within 14 working days	Not applicable	Not applicable
Facilitate integrated planning within the entity	POI 310: Number of APPs compiled and approved	1 Strategic Planning session held.	1 Annual Performance Plan developed Strategic Planning session held	1 Annual Performance Plan developed	1 Annual Performance Plan developed	Not applicable	Not applicable
				1 Strategic Planning session held	1 Strategic Planning session held		
	POI 311: Number of progress reports on the resolutions of the strategic planning session	New Indicator	4 Progress reports	4 Progress reports	2 Progress reports	-2 Progress report	No capacity and Change of responsibilities
	POI 312: Number of research reports on new courses	-	New Indicator	1 Research report	0 Research report	-1 Research report	No capacity and Change of responsibilities

LINKING PERFORMANCE WITH BUDGETS

The Corporate Services programme, within the Mpumalanga Regional Training Trust (MRTT), is the support programme that assist the entity to perform its core responsibilities optimally and it experienced significant over-expenditure for the 2023/24 financial year. This was primarily due to the severe reduction in grant allocation for the year, which created a substantial financial strain on the programme. Likewise, the Corporate Services relied on multiple revenue streams to support its operations as stated below:

- **Government Grant:** The primary source of funding is the grant provided by the government. For the 2023/24 financial year, this grant was significantly reduced, which directly impacted the financial health of the Corporate Services programme.
- **Own Generated Revenue: T**his includes revenue generated mainly from the Hospitality and Tourism Academy (HTA) and the Technical Training Operations (TTO). These streams are crucial for supplementing the budget but were insufficient to cover the shortfall caused by the reduced grant.
- **Interest from Investing Activities:** The finance department generates interest through various investing activities. While this provides additional income, it is typically not substantial enough to compensate for large funding deficits.

PROGRAMME 3	2023/2024			2022/2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Quality assurance	2 636	1 731	905	696	1 242	-546
Finance	11 511	22 097	-10 586	7 613	22 710	-15 097
Marketing	2 295	2 731	-436	796	2 393	-1 597
Administration	13 872	20 313	-6 441	12 342	18 296	-5 954
Human Resources	9 798	4 240	5 558	6 056	3 392	2 664
CEO	9 620	11 532	-1 912	6 762	8 508	-1 746
TOTAL	**49 732**	**62 644**	**-12 912**	**34 265**	**56 541**	**-22 276**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Areas of under-performance poses threat to service delivery hence the need to put forth strategies to address such challenges thus improving service delivery. Following are indicators not achieved under the financial year in question as well as the respective strategies to curb areas of underperformance:

AREA OF UNDERPERFORMANCE	STRATEGY TO OVERCOME UNDERPERFORMANCE
POI 302: Percentage of creditors paid within 30 days of receipt of a valid invoice	Ensure that end users are trained on the policy and strengthen consequence management on non-compliance
POI 303: Unqualified annual financial statements without any material misstatements	Finance is revising the asset useful lives based on asset condition and asset remaining useful lives
POI 307: Number of performance management capacity building/ support sessions and performance agreements signed-	The performance Management undergone review, the Human Resource Manager will ensure that Managers are trained on the policy whilst ensuring that Performance Agreement are signed as per the policy
POI 308: Number of HRM compliance reports and plans submitted to relevant institutions	Ensure that the EE plan gets reviewed by SAMCO then gets approval
POI 311: Number of progress reports on the resolutions of the strategic planning session	Improve internal work processes to ensure that tasks are on track
POI 312: Number of research reports on new courses	Ensure the commissioning of research whilst awaiting additional capacity

3.4. PROGRAMME 4: THE ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB

PURPOSE OF THE PROGRAMME

The main purpose of the Skills Hub is to fulfil a coordinative role in bridging the gap between skills availability (supply) and the labour demands of the Province, by providing the right skills for targeted interventions and projects that the private – and public sector require.

INSTITUTIONAL OUTCOMES

- Establish and maintain the compliance and regulatory requirements for the skills hub
- Implementation and management of the Infra-structure development project
- Operationalizing of the Skills Hub

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

- The following outcomes were set for Programme 4
- Establish and maintain the compliance and regulatory requirements for the skills hub
- Implementation and management of the Infra-structure development project
- Operationalising of the Skills Hub

They however couldn't be achieved due to the dissolution of MISH Board and Inclusion as MRTT Programme 4.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING (Q1-Q2)

PROGRAMME / SUB-PROGRAMME: ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: ESTABLISH AND MAINTAIN THE COMPLIANCE AND REGULATORY REQUIREMENTS FOR THE SKILLS HUB								
Implement and maintain the corporate governance and management processes of the skills hub	Implement and maintain the corporate governance and management processes of the skills hub	-	New Indicator	Appoint successful candidates	Key positions were identified and will be presented to the board for approval.	No candidates were successfully appointed	Reporting only incorporate quarter 1 and 2	To align MISH's output to that of the MRTT, due to the dissolution of the MISH board and incorporating it as programme 4
		-	New Indicator	Implementation of the approved policies	Draft Finance Policies Approval of HR Policies	No implementation of the approved policies	Reporting only incorporate quarter 1 and 2	To align MISH's output to that of the MRTT, due to the dissolution of the MISH board and incorporating it as programme 4
		-	New Indicator	Commencement of the use of bank account	MOU is not approved as yet	No commencement of the use of bank account	Reporting only incorporate quarter 1 and 2	To align MISH's output to that of the MRTT, due to the dissolution of the MISH board and incorporating it as programme 4
OUTCOME: IMPLEMENTATION AND MANAGEMENT OF THE INFRA- STRUCTURE DEVELOPMENT PROJECT								
Implement and manage Skills Hub (built project) infrastructure development according to the project management phases	Implement and manage Skills Hub (built project) infrastructure development according to the project management phases	-	New Indicator	Site management plan and contracts management	An architectural design was approved and cost estimates was done but the detailed bill of quantities is still to be done	No site management plan and contracts management	Reporting only incorporate quarter 1 and 2	To align MISH's output to that of the MRTT, due to the dissolution of the MISH board and incorporating it as programme 4

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: OPERATIONALISING OF THE SKILLS HUB								
Operationalising and implementing the Skills Hub functionalitie	Operationalising and implementing the Skills Hub functionalities	-	New Indicator	Continuation of the Digital Training at the MRTT House	Introduce first phase functional programme	No continuation of the Digital Training at the MRTT House	Reporting only incorporate quarter 1 and 2	To align MISH's output to that of the MRTT, due to the dissolution of the MISH board and incorporating it as programme 4

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	**ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: ESTABLISH AND MAINTAIN THE COMPLIANCE AND REGULATORY REQUIREMENTS FOR THE SKILLS HUB							
Implement and maintain the corporate governance and management processes of the skills hub	Implement and maintain the corporate governance and management processes of the skills hub	-	New indicator	MISH to follow MRTT policies in terms of structure and recruitment	Key positions and the costing thereof were identified	MISH to follow MRTT Policies in terms of Structures and Recruitment	The reason for Variance is due to the dissolution of MISH Board and inclusion as MRTT Programme 4
		-	New indicator	MISH to use the MRTT policies	MISH has been placed under MRTT as programme 4 and MISH will use the MRTT policies	MISH to use MRTT policies	The reason for Variance is due to the dissolution of MISH Board and inclusion as MRTT Programme 4
		-	New indicator	The board for MISH was dissolved and MISH to use the MRTT finance systems	MISH has been placed under MRTT as Programme 4 and MISH will use the MRTT finance systems	MISH Board dissolved thus MISH to use MRTT finance systems	The reason for Variance is due to the dissolution of MISH Board and inclusion as MRTT Programme 4
OUTCOME: IMPLEMENTATION AND MANAGEMENT OF THE INFRA-STRUCTURE DEVELOPMENT PROJECT							
Implement and maintain the corporate governance and management processes of the skills hub	Implement and maintain the corporate governance and management processes of the skills hub	-	New indicator	The built project placed on hold	Initiation of a fundraising drive for the Built project	The Built projects are placed on Hold	The reason for Variance is due to the dissolution of MISH Board and inclusion as MRTT Programme 4
OUTCOME: OPERATIONALISING OF THE SKILLS HUB							
Operationalising and implementing the Skills Hub functionalities	Operationalising and implementing the Skills Hub functionalities	-	New indicator	Continue with the Functional Programme of the Digital Training at the MRTT House	Training did not commence	Continue with the functional programme of the digital training at MRTT House	The reason for Variance is due to the dissolution of MISH Board and inclusion as MRTT Programme 4

LINKING PERFORMANCE WITH BUDGETS

In November 2023, the Board of Directors of the Mpumalanga Regional Training Trust (MRTT) resolved to dissolve the Mpumalanga Innovation and Skills Hub (MISH) Board of Directors. This decision followed a directive from the then Honourable MEC B. Majuba, who was also a shareholder in the MISH entity. Subsequently, MRTT was appointed the implementing agent for MISH, and all its related activities were integrated into MRTT's programme structure as Programme 4 overseen and reported through the MRTT Board.

For the fiscal year ending 31 March 2024, MISH reported as a standalone entity in the Annual Financial Statements (AFS) with its income, expenditure, assets, and liabilities audited separately by the Auditor General South Africa (AGSA). Therefore, this Annual Report did not include budget table and actual outcomes. Starting from the fiscal year 2024-25, all financial information pertaining to MISH will be incorporated into MRTT's financial reporting under Programme 4.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Ensure revision of indicators and targets to be more strategic and align to the purpose of the programme as incorporated in the APP.

4. REVENUE COLLECTION

	2023/2024			2022/2023		
SOURCES OF REVENUE	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Non-Exchange Transaction	78 371	78 371	0	6 961	34 529	27 568
Exchange Transaction	26 417	32 937	6 520	77 538	77 538	0
TOTAL	**104 788**	**111 308**	**6 520**	**84 499**	**112 067**	**27 568**

An amount R111 308 was collected in the period under review, translating to R6 520 over collection. This over collection was as a result of exchange Transaction

5. CAPITAL INVESTMENT

Progress made on implementing the capital, investment and asset management plan

- The entity spent R1 714 695 on asset procurement for the period under review

Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances

- None

Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed

- None

Plans to close down or down-grade any current facilities,

- None

Progress made on the maintenance of infrastructure

- None

Developments relating to the above that are expected to impact on the public entity's current expenditure.

- None

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft

ASSET CLASS	NET BOOK VALUE	REASON FOR DISPOSAL
Computer equipment	146 083	Stolen
Office equipment	2 349	Stolen
	148 432	

Measures taken to ensure that the public entity's asset register remained up-to-date during the period under review

- The entities asset register has been maintained and is up to date during the period under review through physical verification, asset system, tagging assets

The current state of the public entity's capital assets, for example what percentage is in good, fair or bad condition

CONDITION	NUMBER OF ASSETS	PERCENTAGE
Good	691	14.58%
Poor	110	2.32%
Fair	3938	83.10%
TOTAL	**4739**	**100.00%**

Major maintenance projects that have been undertaken during review

- None

Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track

- None

PART C

GOVERNANCE

1. INTRODUCTION

The MRTT is a public entity registered under Schedule 3C of the Public Finance Management Act (PFMA). It is guided by the prescripts of the Company Act 71 of 2008 and the governance principles of King IV Report on Corporate Governance. The Honourable Member of the Executive Council's (MEC) in the Mpumalanga Department of Education has appointed the Board of Directors to govern and represent the entity in Mpumalanga Province for training purposes. The Board is further vested with the Authority to provide the strategic direction of the entity and account to over sight structures being supported by the Accounting Officer.

Henceforth, the entity strived to maintain the highest standards of governance as a fundamental principle for management of public finances and resources. The entity seeks to uphold good corporate governance as espoused in the Public Finance Management Act and the King Report, strives to promote good management practices in the areas of Risk Management, Procurement and Good Corporate Governance, as well as to safeguard the entity against theft and fraud.

2. PORTFOLIO COMMITTEES

COMMITTEE	DATES	ISSUES RAISED
Consideration of the 23/24 First quarter	22 August 2023	Fully utilization of the allocated budget by the entity to avoid budget cuts.
Consideration of the 23/24 second quarter performance report	14 November 2023	Engagement of departments to solicit projects for revenue generations.
Consideration of the 23/24 Annual Report	09 November 2023	Budget allocation to Mpumalanga Innovation Skills Hub. Reduction of POI on the revised Annual Performance Plans.
Consideration of the 23/24 third quarter performance report	14 November 2023	MRTT discussion on the 2023/24 2nd Quarter Report

3. THE EXECUTIVE AUTHORITY

The MEC of Education, as the Executive Authority, plays a vital role in ensuring that MRTT operates within the prescribed legislative mandates. The MEC has the power to appoint and dismiss the Board, continuously monitor and evaluate MRTTs performance through reports and various interactions. The MEC enters into performance agreements or Shareholders Compact with the Executive Authority every financial year to the entity by outlining the Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) to be achieved by the entity. The entity in return provides quarterly reports to the shareholder, attend the relevant quarterly meetings and the shareholder reciprocate with attendance to MRTT Board meetings with a proxy or representative from the Mpumalanga Department of Education.

4. THE ACCOUNTING AUTHORITY / BOARD

The MEC of Education appoints the Board of Directors on a circle of every three years as prescribed by the relevant prescripts governing MRTT. The Board is the Accounting Authority in terms of Schedule 3C of the PFMA and must comply with the fiduciary duties set out in the Act. The Board must provide effective corporate governance and strategy direction, which involves adherence to the principles of good governance, risk management and internal controls stipulated in the PFMA and Treasury Regulations. The Board delegates specific responsibilities to its sub-committees constituted and chaired by its members in terms of the Company Act, 2008.

The Sub-Committees of MRTT that are convened in line with its legislative mandates are as follows: -

- Audit and Risk Committee
- Finance and Remuneration Committee
- Marketing and Technical Committee
- Risk Management Committee

The Board meet once every quarter with special meetings convened at short notice to consider specific operational matters informed by relevant requirements of the entity.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board exercises its leadership, integrity, and judgment to direct MRTT in achieving continuing prosperity and act in the best interests of the entity, while respecting the principles of transparency and accountability. Their roles and responsibilities include:

- To determine MRTTs values and strategy designed to achieve its aim and objectives.
- To retain full and effective control of the Board through its sub-committees and monitor the MRTT implementation of Board plans and strategies.
- Monitor and evaluate the implementation of strategies, policies, procedures, processes, management performance criteria and business plans.
- Formulate monitoring and reviewing corporate strategy, major plans of action, financial and risk management and internal control policies, appropriate procurement and provisioning systems, information technology/ communication policies, annual budgets and business plans.
- Ensure that MRTT complies with all relevant laws, regulations, government policies and codes of best business practice and communicates with its stakeholders openly, transparently and promptly.
- Ensure that technology and systems are adequate for the proper functioning of MRTT through the most efficient and cost effective of its assets, processes and human resources.
- Ascertains that the shareholder's performance objectives are achieved and that they can be measured in terms of the performance of MRTT.
- Develop a clear definition of the levels of materiality or sensitivity to determine the scope and delegation of authority, and ensure that the Board reserves specific powers and authority for itself with all delegations in writing and regularly evaluated.
- Ensure that Board members are granted unrestricted access to accurate, relevant and timely information on the Board issues.
- To ensure that the Board act in good faith, with care, skill and diligence as well as in the best interest of MRTT while taking the interests of all stakeholders into account.
- Manage the potential conflicts of interest among the CEO, Board members and the shareholder and ensure that any conflicts of interest are regularly and expeditiously dealt with and resolved.
- Maintain the highest standards of probity, integrity, responsibility and accountability with a fair balance between conforming to corporate governance principles and performance of MRTT.

BOARD CHARTER

The Board Charter is a living document of the Board of Directors that sets out the tone of the roles, duties and responsibilities as well as good corporate governance principles per King IV Corporate Governance. The main purpose of the board charter is to regulate the policies and practices of the board in respect of the following governance issues:-

- Declaration of Conflict of interest
- Board documentation and procedures
- Composition of the board

The charter directs proceedings and frequency of meetings, attendance, formal agenda, and round robin resolutions and is reviewable annually.

MRTT

COMPOSITION OF BOARD

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO.OF MEETINGS ATTENDED
Mr PP Maoko	Chairperson	03 December 2018	Still serving	Certificate Programme in Industrial Relations, certificate in Labour Studies,	Former CEO CETA, Secretariat Pillar Head at National Union of Mineworkers	• Former Board Member at SASSETA, EBMTC College and EWSETA • Former CEO of CETA • Board Member at EBMTC • Former National Education Officer at NUM. • Former Member of National Skills Authority. • Member various committees.	Board Chairperson	12
Ms. LM Motshwane	Deputy Chairperson	03 December 2021	Still serving	Secondary Teachers Diploma, Ace (Education Management), Basic Fianacial Skills, Post Graduate Diploma in Public Management, Certificate Diploma in Labour Law Management, Introduction to Investment and Finance, Principles of Economics, Finance and Investment Management Current Studies – Masters in Public Management	Professional Educator and National Office Bearer of SADTU	• National Treasurer – SADTU • Treasurer - Southern Africa Teachers Organisation (SATO) • Chairperson School Governing Body (Germiston High School) • Member of the Finance Committee (PCSBC) • Chairperson of SADTU Investment Holdings • Member of SADTU Investment Trust • Chairperson of Finance Committee ETDP-SETA • Member of EXCO-ETDP SETA • Member of the Accounting Authority ETDP-SETA • Member of Finco South African Council for Educators • Provincial Treasurer-South African Communist Party	Audit & Risk Committee Finance & Remuneration Committee	27
Mr. MI Tibane	Board Member	03 December 2021	Still serving	Certificate Programme in Management Development for Municipal Finance Certificate in Construction Contracting Certificate in Communication	Former Ward Councillor Former PA to Executive Mayor to Steve Tshwete Local Municipality	• Current Deputy Secretary of the SACP • Member of Regional Committee Appeals Committee of the Department of Labour	Chairperson of Finance & REMCO Member of Marketing & Technical Committee	27
Mr. B Sibanyoni	Board Member	03 December 2021	Still serving	Certificate in Executive Leadership in Municipal Development	Property Development	• Managing Director Mpisana Properties • Former Chief Whip Thembisile Hani Local Municipality	Chairperson Marketing & Technical Committee Audit & Risk Committee	24
Mr. HH Nkanyane	Board Member	03 December 2021	Still serving	Master of Philosophy, Master of Business Leadership, Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post Graduate Diploma: Compliance Management B.Tech Cost and Management Accounting	Professional Internal Auditor	• Chairperson of Risk and Management Committee at MEGA and MTPA	Audit & Risk Committee Marketing & Technical Committee	24
Mr. TR Mokgoshi	Board Member	03 December 2021	Still serving	Higher National Diploma in Chemical Engineering from Tesside University in England 1990-2001 Engineering Management Programme from Tukkies	Engineering	• Amatola Water Board	Finance & REMCO Marketing & Technical Comittee	27

- There are no alternate members of the Board of Directors or its sub-committees in the year under review therefore this item is not applicable.
- All the Board Members were appointed with effect from 03 December 2021 to 02 December 2024

COMMITTEES

The Board is currently supported and supplemented by the following senior management and board sub-committees.

COMMITTEES	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS
Senior Management Committee	7	10	• Mr. C Maebela • Mr. B Hlatshwayo • Mr. G Silaule • Mr. E Mkhabela • Mr. N Mametja • Ms. Z Khoza • Mr. A Mnisi • Ms. P Lekhuleni • Mr. D Kola • Ms. N Sithole - Secretariat
Audit and Risk Committee	6	4	• Dr. D Dlamini • Mrs. L Motshwane • Mr. B Sibanyoni • Mr. H Nkanyane
Finance and Remuneration Committee	9	3	• Mr. MI Tibane • Mrs. LM Motshwane • Mr. T Mokgoshi
Marketing and Technical Committee	6	4	• Mr. B Sibanyoni • Mr. MI Tibane • Mr. H Nkanyane • Mr. T Mokgoshi
Risk Management Committee	3	6	• Dr. N Madiba • Mr. C Maebela • Mr. B Hlatshwayo • Mr. G Silaule • Mr. E Mkhabela • Mr. N Mametja
Board of Directors	12	6	• Mr. P Maoko • Mrs. LM Motshwane • Mr. MI Tibane • Mr. B Sibanyoni • Mr. HH Nkanyane • Mr. TR Mokgoshi

REMUNERATION OF BOARD MEMBERS

Remuneration of board members is determined and prescribed by the National Treasury with the current rates as follows:-

Chairperson:	R5397-00
Deputy Chairperson:	R4587-00
Members:	R4 005-00

5. RISK MANAGEMENT

MRTT has recently reviewed and implemented its Risk Management Policy and related strategies to deal with risks involving the entity on a daily basis to implement its mandate. To deal with risks in the organisation MRTT has appointed an Independent Non-Executive Director supported by Senior management through a Risk Management Committee (RMC) with scheduled meetings every quarter.

The main purpose of the RMC is to identify the risks involving the organisation per financial year circle, assess, outline their descriptions, categorise and determine implementation controls to reduce the risk impact identified in the mitigation process. The RMC compile relevant reports to the Audit and Risk Committee which plays its oversight role and reports to the Board of Directors. However, the entity recently lost its Chief Risk Officer due to ill health and closed that gap swiftly with the appointment of an independent contractor for completeness of risk related issues in MRTT. The process to appoint a new officer is already at an advanced stage.

6. INTERNAL CONTROL UNIT

The Board of Directors exercise its fiduciary duties in this area by deploying the services of its Audit and Risk sub-committee which in turn oversees implementation of the effective systems of financial management and internal controls that ensures the effective systems of these internal controls' are efficient, economical and transparent use of MRTT's limited financial resources, as well as improvement of systems and processes relating to managements' oversight and governance. The primary focus of this unit during the year under review was to monitor and review the internal and external audit findings including the implementation of controls in mitigating the risks with regard to any recurrence of possible and/or similar findings. MRTT is amenable to improve its established policies and procedures, where necessary, in order to implement them with the strict appropriate segregation of duties and responsibilities by the relevant officials.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit by its nature is an independent objective assurance and consulting activity designed to add value and improve an organisation's operations. The primary purpose of the internal audit function is to provide its stakeholders with independent assurance and insight on adequacy and effectiveness of governance, internal controls, risk management and financial management systems as well as the quality of performance of its business operations as evaluated against agreed performance standards. It also refers to an independent service to evaluate an organisation's internal control, its corporate practices, processes and related methods. An internal audit helps in securing compliance with the various laws applicable to an organisation such as the PFMA as generally informed by the Constitution of the Republic of South Africa Act, 1996.

The MRTT 's Internal Audit functions were performed through the appointed service provider, who is appointed for a fixed period of three years. The Internal Audit are required to provide the RC and Management with quarterly assurance reports in terms of the approved annual and three year rolling internal audit plan.

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

The following activities were conducted under the period in question:

- Assessment of the audit needs and compilation of the three year rolling strategic and annual operational internal audit plan.
- Q4 and 12 month report review
- Review of the annual financial statements 2022-23 financial year
- Audit of predetermined objectives / planning reviews
- Records management review
- ICT audit
- Hotel and Tourism Academy Training Operations review
- SCM audit
- Follow up audits
- Technical Training Operations and Quality Assurance

The objectives of the said financial year includes but not limited to:

- Objective examinations of evidence for the purpose of providing independent assessments to the audit committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for MRTT
- Audit assessments include evaluating whether:

  a) Risks relating to the achievement of MRTT`s strategic objectives are appropriately identified and managed.

  b) The actions of MRTT's officers, directors, employees, and contractors are in compliance with MRTT's policies, procedures, and applicable laws, regulations, and governance standards.

  c) The results of operations or programmes are consistent with established goals and objectives.

  d) Operations or programmess are being carried out effectively and efficiently.

e) Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact MRTT

f) Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.

g) Resources and assets are acquired economically, used efficiently, and protected adequately.

SUMMARY OF AUDIT WORK DONE

In the current year under review the internal audit function prepared the industry standard three-year Annual Coverage Plan as per norm and standards prescribed in the Internal Audit Charter after considering all the major risks facing MRTT.

The demise of the Chief Risk Officer during the delayed second and third quarter of the 2023/24 financial year caused a severe strain in the risk operations of the entity, however, management acted swiftly to appoint an independent contractor to take forward the internal audit baton in this regard.

The challenges faced by MRTT did not deter the internal audit function to execute and complete all the audits on the approved plan. Where controls were found to be inadequate or wanting, recommendations for improvement were provided. Audits were conducted in the following areas:

- Audit & Risk Committee Charter 2023/2024 financial year
- Internal Audit Charter 2023/2024 financial year
- Determination Test
- Information Communication Technology
- Financial Discipline Review

Other Work done in the period under question includes:

- Review of performance reports and provide recommendations
- Review of the annual financial statements before submission to AGSA
- Utilization of registry space, records management procedure manuals and the centralization of the function
- Capacity building in records management
- Review of ICT General Controls, User Access Controls, Program Change Management, IT Service Continuity and Environment Controls
- Review the adequacy and effectiveness of HTA`s Training operations
- Review the adequacy and effectiveness of MRTT`s SCM Processes for quarter 1 to 31 October 2023

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

- The ARC reviews the adequacy of policies, procedures and the internal control system including information communication technology security and financial controls.
- Review the performance management systems and Information compliance and alignment to the entity's mandate and strategic objectives.
- Review and approve the scope of activities of the internal audit function, ensuring that it covers the key risks and that there is an alignment with the external auditor (AGSA), to assess the effectiveness of the internal audit function.
- Report to relevant stakeholders, including the board regarding the committee activities, issues and related recommendations.
- Monitoring compliance with laws, regulations and policies.
- The review and approval of the Internal Audit Charter.
- Resolving any disagreements between management and the auditors regarding financial reporting.
- Adoption of the formal terms of reference in the form of Audit Committee Charter that has been approved by the Board of MRTT.
- To conduct its affairs in compliance with the Board Charter and discharge its responsibilities as set out in the Charter. The Committee meets four times a year and when the need arises, a special meeting is convened.
- The tabled below discloses relevant information on the audit committee members

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Dr. D Dlamini	Doctor of Business Administration Master of Commerce Post Graduate Diploma in Business Management Bachelor of Technology in Taxation National Diploma in Accounting	External	External	01 April 2023	Not applicable	21
Ms. L Motshwane	Secondary Teachers Diploma, Ace (Education Management), Basic Fianacial Skills, Post Graduate Diploma in Public Management, Certificate Diploma in Labour Law Management, Introduction to Investment and Finance, Principles of Economics, Finance and Investment Management Current Studies – Masters in Public Management	External	External	03 December 2021	Not applicable	27
Mr. B Sibanyoni	Certificate in Executive Leadership in Municipal Development	External	External	03 December 2021	Not applicable	24
Mr. H Nkanyane	Master of Philosophy, Master of Business Leadership, Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post Graduate Diploma: Compliance Management B.Tech Cost and Management Accounting	External	External	03 December 2021	Not applicable	24

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Mpumalanga Regional Training Trust (MRTT) is a public entity registered under Schedule 3C of the Public Finance Management Act, 1990 (Act 1 of 1990), the PFMA, as inserted by the General Notice Number 1283 and Government Gazette 23619 of 19 July 2002. MRTT is guided by the prescripts of the Company Act, 2008 (Act 71 of 2008) and the governance principles of King IV Report on Corporate Governance.

9. FRAUD AND CORRUPTION

The MRTT has recently established and adopted a fraud and corruption prevention policy and whistle blowing policy to manage fraud, corruption, maladministration and any other dishonest activities negatively affecting the entity. The policies set the tone for mechanisms in place to prevent fraud and corruption with comfortable platform for whistle blowers to report these activities.

The Accounting Officer and Senior Management have set clear goals of implementation plan informed by the policies and the Public Finance Management Act (PFMA). The Accounting Authority oversees the implementation of the preventative measures with strong recommendations of consequence management in line with the PFMA for such transgressions.

10. MINIMISING CONFLICT OF INTEREST

The MRTT Board of Directors, Sub-Committees, Senior Management and Supply Chain Management are required to make declaration of interest in all their respective roles and responsibilities. The Board as the Accounting Authority is also required to provide an annual declaration of their meetings at all material times when required by the Executive Authority and other relevant stakeholders, including the Auditor-General of South Africa.

Senior Management and SCM practitioners are bound to declare and sign their direct and/or indirect interest when they procure and adjudicate on tender processes of goods and services. In instances where an affected Board Member or official has a direct conflict of interest it is a requirement for such an individual/s to excuse themselves and register such a declaration in writing.

11. CODE OF CONDUCT

The MRTT has a Code of Conduct in place which defines a set of rules, principles, values, employee expectations, behaviours and relationships that is considered to be important and necessary for its success. This Code of Conduct aims to promote ethical and legal behaviour to establish positive and respectful workplace culture. The Code is a direct link to MRTT values and ethics which acts as a guideline to employees and the Board of Directors on what is expected of them in their individual conduct and relationship with others. The Code is reviewed on annual basis to keep up with acceptable trends and standards of the King IV Report of the Institute of Directors in South Africa.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Act, 1993 (Act 85 of 1993) provides for the Health and Safety of persons at work and for the protection of others against hazards arising from work activities.

To eliminate incidents, minimize risks, responsibly manage health and safety impacts and enable excellence in operations and business performance while providing a workplace that takes into account the safety and wellbeing of our people and service providers.

To promote and maintain the highest degree of physical, mental and social wellbeing of workers;

To prevent amongst workers, ill health caused by their working conditions.

In the financial year under review, the Entity assessed the compliance standards of the centres as illustrated bellow:

NO	CENTRE	HEALTH	SAFETY	HYGIENE	ENVIRONMENT
1	CORPORATE/ MISH	LOW	LOW	LOW	LOW
2	HTA	LOW	MEDIUM	LOW	MEDIUM
3	eMALAHLENI	LOW	MEDIUM	HIGH	MEDIUM
4	KaBOKWENI	HIGH	HIGH	HIGH	HIGH
5	eKANDUSTRIA	LOW	LOW	LOW	LOW
6	PROJECTS	MEDIUM	MEDIUM	MEDIUM	LOW

13. COMPANY /BOARD SECRETARY

MRTT is a Schedule 3 Part C classified as such in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), inserted by General Notice 1283 of 19 July 2002. A new Company Secretary and Legal Services Manager who provides advisory on corporate governance, secretarial and administrative and administrative support to the MRTT Senior Management and its Board of Directors as well as the respective sub-committees in the financial year in question.

14. AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the financial year ended 31 March 2024, as required by Section 51 of the Public Finance Management Act, 1999 (Act 1 of 1999), on the general responsibilities of accounting authorities, read with the Treasury Regulations.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee confirms that the system of internal control applied by the entity over financial and risk management were effective and found to be satisfactory although there were areas where control weaknesses were noted. It should be noted, however, that in certain areas controls were found to be only partially effective, and these require further improvement. We have received assurance that these are being addressed, and we will continue to monitor the implementation of remedial actions as a result of findings from both the Internal Audit and the AGSA. The following internal audit work was completed during the year under review: -

- Audit and Risk Committee Charter for 2023/2024 financial year
- Approved MRTT Internal Audit Coverage Plan for 2023/2024 financial year
- Some Determination tests
- Information and Communication Technology audit
- Audit of predetermined objectives
- Supply Chain Management review
- Human Resource management
- Asset Management and Fleet Management review
- Hospitality and Tourism Academy audit
- Technical Training Operations audit
- Occupational Health and Safety audit
- Financial Discipline review
- AGSA follow-up report

The Audit and Risk Committee focused on controls as prescribed by the PFMA with extension of useful lives, financial discipline as well as budget and actual approvals dominating the space. The committee concluded that there is room to improve the internal controls environment, particularly with regard to contract management as a result of evergreen contracts, in order to detect and curb the scourge of irregular expenditure.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

In the year under review MRTT has submitted monthly and quarterly reports to the Executive Authority, for the financial and non-financial performance of the entity as required by the PFMA and Treasury Regulations.

EVALUATION OF FINANCIAL STATEMENTS

The MRTT Annual Financial Statements were processed with the relevant requirements of PFMA, Treasury Regulations and Generally Recognised Accounting Practice (GRAP). The Committee had solicited inputs of the external auditors who encouraged rigorous controls, accounting and disclosure measures.

AUDITOR'S REPORT

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Assessment of useful lives for assets on an annual basis as per the requirements of GRAP standards
- Submission of information in a timely manner
- Vacant positions
- Lack of integration or reconciliation of systems

CONCLUSION

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Dr. D Dlamini
Chairperson of the Audit Committee
Mpumalanga Regional Training Trust
Date: 31 July 2024

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

CRITERIA	RESPONSE YES / NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	**No**	This is not applicable to MRTT
Developing and implementing a preferential procurement policy?	**Yes**	The entity has developed a preferential procurement policy that is in line with prevailing laws and regulations and is implementing the policy
Determining qualification criteria for the sale of state-owned enterprises?	**No**	This is not applicable to MRTT
Developing criteria for entering into partnerships with the private sector?	**Yes**	The entity has developed a SCM that is in line with prevailing laws and regulations and is implementing the policy and it includes a criteria for entering into partnerships with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	**Yes**	The entity has developed a preferential procurement policy that is in line with prevailing laws and regulations and is implementing the policy

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources Management (HRM) in its strategic and coherent approach strived to effectively and efficiently manage the human capital of the entity to ensure that the organisation gain competitive advantage. The Human Resource Management Sub-Programme within the entity was primarily concerned with management of people within the organisation focusing on review of policies and systems, employee benefits, recruitment of suitable employees, training and development, performance management and employee benefits systems. As such, efforts were put in place to maximize employees' performance to ensure that efforts are directed at meeting the organisational mandate.

In the financial year under review, the organisation with the assistance of the Mpumalanga Department of Education strived to engage and work on ensuring that the organisational structure is reviewed and ultimately approved in the 2024/25 financial year. Moreover, critical posts were filled in the financial year in question (General Manager Technical Training Operation, Human Resources Manager, Planning and Performance Information and Company Secretary and Legal Services). Contrary, some critical post crucial to the sustainability and effectiveness of the entity were still vacant at year end due to financial constraints. Other challenges posed by financial constraints was the inability to train its personnel and close the skills gap. The entity conducted a skills audit which identified serious skills gap on the current employees within the entity.

MRTT

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 PERSONNEL RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (%)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
HTA	21 905	11 974	10.0%	30	730
TTO	35 583	25 680	21.4%	23	1 547
CS	62 644	22 344	18.6%	28	2 237
TOTAL	**120 132**	**59 998**	**50%**	**81**	**4 514**

PERSONNEL COST BY SALARY BAND

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	0	0	0	
Senior Management	2 092	4.43	2	1 046
Professional qualified	9 089	19.27	8	1 136
Skilled	26 445	56.07	36	734
Semi-skilled	7 175	15.21	21	341
Unskilled	2 358	5	14	168
TOTAL	**47 161**	**99.99**	**81**	**582**

PERFORMANCE REWARDS

PROGRAMME//ACTIVITY/OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	**0**	**0**	**0**

TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST. (%)	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
HTA	11 974	53	0.44%	22	2.4
TTO	25 680	23	0.09%	27	0.85
CS	22 344	80	0.36%	5	16
TOTAL	**59 998**	**156**	**0.89%**	**54**	**2.889**

EMPLOYMENT AND VACANCIES

PROGRAMME	2023/2024 NO. OF EMPLOYEES	2023/2024 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
HTA	32	43	29	14	32.56%
TTO	25	33	20	13	39.39%
CS	24	29	28	1	3.45%
TOTAL	**81**	**105**	**77**	**28**	**75.39%**

EMPLOYMENT AND VACANCIES

LEVELS	2023/2024 NO. OF EMPLOYEES	2023/2024 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
Top Management	0	1	0	1	100%
Senior Management	2	4	2	2	50%
Professional qualified	8	12	3	4	33.33%
Skilled	35	36	36	3	8.33%
Semi-skilled	21	36	22	14	38.87
Unskilled	14	18	14	4	22.22%
TOTAL	**81**	**105**	**77**	**28**	**26.67%**

Senior Management positions were advertised in the financial year in question and at the verge of being filled. The said positions remained vacant for over a year due to budgetary constraints. It is worth noting that the entity strived to put measures to attract staff, this can be corroborated to the filling of the four critical position of Manager Human Resource, Manager Planning and Performance Information, the Legal and Secretary as well as the General Manager Technical and Training Operations.

EMPLOYMENT AND VACANCIES

LEVELS	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	0	0	0	0
Senior Management	1	1	0	2
Professional qualified	7	3	2	8
Skilled	27	4	2	27
Semi-skilled	31	0	1	32
Unskilled	12	0	0	12
TOTAL	**78**	**8**	**5**	**81**

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0
Resignation	5	83.3%
Dismissal	0	0
Retirement	1	16.6%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	**6**	**100%**

Five employees resigned from the entity and in their exit interview they indicated that they have secured better employment opportunities that are better advancing their career path. Three of the five employees who resigned were replaced.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
TOTAL	**1**

EMPLOYMENT AND VACANCIES

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	1	0	0	0	0	0	0
Senior Management	2	0	0	0	0	1	0	0
Professional qualified	4	2	0	0	0	0	0	0
Skilled	21	1	0	0	0	0	1	0
Semi-skilled	10	3	0	1	0	1	0	0
Unskilled	2	2	0	0	0	0	0	0
TOTAL	**39**	**9**	**0**	**1**	**0**	**2**	**1**	**0**

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	0
Professional qualified	4	2	0	0	0	0	0	0
Skilled	14	2	0	0	0	0	0	0
Semi-skilled	11	4	0	2	0	1	0	0
Unskilled	12	2	0	0	0	0	0	0
TOTAL	**41**	**11**	**0**	**2**	**0**	**1**	**0**	**0**

LEVELS	DISABLED STAFF			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	1	2	0	0
Semi-skilled	0	0	0	3
Unskilled	0	0	0	0
TOTAL	**1**	**2**	**0**	**3**

PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Opening balance	104 972	101 303
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	8 971	3 668
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable1	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	**113 943**	**104 972**

The Irregular expenditure listed above is as a result of the following -

- The extension of the three contracts by MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals and training was not disturbed
- Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17
- Minimum of three quotations were not obtained
- Overspending on the approved budget

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to the prior year and identified in the current year	0	0
Irregular expenditure for the current year	8 971	3 668
Total	**8 971**	**3 668**

B) DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to the prior year and identified in the current year	0	0
Irregular expenditure for the current year	8 971	3 668
Total	**8 971**	**3 668**

The determination test has not yet been conducted using the framework for identifying and managing irregular expenditure, specifically focusing on whether the expenditure in question qualifies as irregular.

Irregular expenditure, as defined in the Public Finance Management Act (PFMA), refers to expenses incurred in violation of any applicable legislation, regulations, or internal policies. To determine whether an expenditure is irregular, the Internal Auditors utilised the following steps within the framework:

The determination process by the Internal Auditors is a critical step in ensuring financial accountability and compliance with the regulatory framework. Their findings on the irregular expenditure amount provide a basis for management to take necessary actions, which may include reporting the expenditure to relevant authorities, initiating disciplinary procedures, or implementing corrective measures to strengthen internal controls

C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure condoned	0	0
Total	**0**	**0**

The entity did not incur any irregular expenditure that required condonation during the year under review. However, the entity is currently at the determination level for the identified irregular expenditure. This means that the entity has detected instances of irregular expenditure and is actively engaged in assessing the nature and extent of these expenditures. The process of determination involves a thorough investigation to establish the facts surrounding each case, including whether any losses were incurred, and identifying the responsible parties.

Based on the outcomes of this determination process, appropriate corrective actions will be taken, which may include the initiation of disciplinary procedures, recovery of losses, or the request for condonation where applicable.

The entity remains committed to maintaining robust internal controls and compliance with all relevant legislative frameworks to prevent future occurrences of irregular expenditure. Continuous improvements are being made to the procurement and financial management processes to ensure adherence to regulations and to strengthen the overall governance framework.

D) DETAILS OF IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure NOT condoned and removed	0	0
Total	**0**	**0**

During the year under review, the entity has not recorded any irregular expenditure that has been removed from its financial statements. This implies that there were no instances of irregular expenditure that were either written off or condoned during the financial year.

The entity is currently at the determination level for irregular expenditure, meaning that it is in the process of assessing the identified irregular expenditure to establish the extent, nature, and accountability of the irregularities.

This determination process is essential to ensure that any irregular expenditure is thoroughly investigated and appropriately dealt with in accordance with the applicable regulations and guidelines.

E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure recoverable	0	0
Total	**0**	**0**

During the financial year under review, the entity has determined that there is no irregular expenditure that is recoverable.

The entity is currently at the determination stage for the irregular expenditure that was identified. This stage involves a thorough investigation to establish whether any portion of the expenditure can be recovered, whether it resulted from fraudulent activities or non-compliance with procurement regulations, and to determine the responsible parties.

The entity remains committed to upholding the highest standards of financial management and governance. All irregular expenditure is subject to ongoing review, and the entity will continue to report transparently on the progress of these matters in future financial statements.

F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure written off	0	0
Total	**0**	**0**

During the year under review, the entity did not have any irregular expenditure written off as irrecoverable, either for the current financial year or for previous years. This reflects the entity's ongoing commitment to ensuring that all instances of irregular expenditure are thoroughly investigated and appropriately addressed.

The entity is currently at the determination level for the irregular expenditure identified. This means that all identified instances of irregular expenditure are under investigation to establish the nature, cause, and extent of the irregularity. The determination process involves a detailed examination of whether the expenditure was incurred due to non-compliance with relevant laws, regulations, or internal policies, and whether any officials are liable for the expenditure.

Once the determination process is concluded, the entity will take the necessary steps based on the findings. These steps may include recovering any losses, disciplinary action against responsible officials, or seeking condonation from the relevant authorities if the irregular expenditure is deemed unavoidable and in the best interest of the entity. Only after all these avenues have been exhausted would any expenditure be considered for write-off as irrecoverable.

The entity remains committed to maintaining stringent internal controls and compliance with all applicable laws and regulations to prevent the recurrence of irregular expenditure. The current determination process is a critical part of ensuring accountability and safeguarding public funds.

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

G) DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION
N/A

The entity has not encountered any instances of non-compliance in situations where it is involved in inter-institutional arrangements. This means that in all collaborative efforts with other institutions, MRTT has ensured that its responsibilities have been upheld to the highest standards, and there have been no cases where another institution's non-compliance has affected our operations or obligations.

This achievement underscores our commitment to robust governance and the meticulous execution of our duties, even in complex, collaborative environments. Our proactive approach in managing inter-institutional arrangements has ensured that all parties involved operate within the required legal and regulatory frameworks, thereby safeguarding the integrity and reputation of MRTT.

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION
N/A

The entity has not encountered any instances of non-compliance in situations where it is involved in inter-institutional arrangements. This means that in all collaborative efforts with other institutions, MRTT has ensured that its responsibilities have been upheld to the highest standards, and there have been no cases where another institution's non-compliance has affected our operations or obligations.

This achievement underscores our commitment to robust governance and the meticulous execution of our duties, even in complex, collaborative environments. Our proactive approach in managing inter-institutional arrangements has ensured that all parties involved operate within the required legal and regulatory frameworks, thereby safeguarding the integrity and reputation of MRTT.

I) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DESCRIPTION
N/A

As of the reporting period, the entity has not undertaken any disciplinary or criminal actions concerning the irregular expenditure identified. This is primarily because the necessary determination and investigation processes are still underway. The entity is committed to ensuring that all irregular expenditures are thoroughly investigated to establish whether any transgressions occurred that would warrant disciplinary or criminal action.

Currently, the determination test, which is a critical step in identifying the root causes and responsible parties for the irregular expenditure, is progressing through the appropriate governance structures. These governance structures include review and approval processes that ensure due diligence is followed and that any actions taken are justified and compliant with relevant regulations and internal policies.

Once the determination test is concluded, and should it reveal any instances of misconduct or non-compliance, the entity will take appropriate disciplinary or criminal steps as required by law. This approach aligns with our commitment to accountability, transparency, and good governance.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	415	
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**415**	**0**

During the current financial year, the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by the South African Revenue Service (SARS). This expenditure arose as a result of late payment of tax liabilities.

The delays in payment were due to cash flow issue. Despite efforts to manage and mitigate such occurrences, the entity faced challenges that led to the incurrence of additional costs in the form of interest and penalties.

The management is actively addressing the underlying issues to prevent future occurrences, including.

The entity remains committed to ensuring timely payments and adherence to all tax obligations to avoid such fruitless and wasteful expenditure in the future.

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	415	0
Total	**415**	**0**

During the current financial year, the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS. This expenditure arose as a result of late payment of tax liabilities.

The delays in payment were due to cash flow issue. Despite efforts to manage and mitigate such occurrences, the entity faced challenges that led to the incurrence of additional costs in the form of interest and penalties.

The management is actively addressing the underlying issues to prevent future occurrences, including.

The entity remains committed to ensuring timely payments and adherence to all tax obligations to avoid such fruitless and wasteful expenditure in the future.

B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	**0**	**0**

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts.

C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure recoverable	0	0
Total	**0**	**0**

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts.

D) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure written off	0	0
Total	**0**	**0**

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts.

E) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION
N/A

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))9

A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2023/2024 R'000	2022/2023 R'000
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	**0**	**0**

The entity for the period under review does not have material losses through criminal conduct.

B) DETAILS OF OTHER MATERIAL LOSSES

NATURE OF OTHER MATERIAL LOSSES	2023/2024 R'000	2022/2023 R'000
	0	0
Total	**0**	**0**

The entity for the period under review does not have material losses through other material losses.

C) OTHER MATERIAL LOSSES RECOVERABLE

NATURE OF LOSSES	2023/2024 R'000	2022/2023 R'000
	0	0
Total	**0**	**0**

The entity for the period under review does not have material losses recoverable.

D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

NATURE OF LOSSES	2023/2024 R'000	2022/2023 R'000
	0	0
Total	**0**	**0**

The entity for the period under review does not have material losses not recoverable and written off.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Valid invoices received	1599	R38 473
Invoices paid within 30 days or agreed period	1 487	R35 780
Invoices paid after 30 days or agreed period	112	R2 693
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

During the year under review, the entity experienced significant cash flow challenges primarily due to a reduction in grant allocations. The cut in grant funding, which was a key component of our financial resources, placed a substantial strain on our liquidity. As a result, there were delays in processing payments, which impacted several financial obligations and operational expenditures.

The reduced grant allocation, coupled with the ongoing financial commitments, created a shortfall in available cash resources. This shortfall led to difficulties in maintaining timely payments to suppliers and other creditors. The management team implemented various measures to mitigate the impact, including prioritizing critical payments and seeking alternative financing solutions.

Despite these efforts, the delayed payments were an unavoidable consequence of the cash flow constraints faced during the period. Going forward, we are taking steps to address these challenges by reviewing and adjusting our financial strategies to better manage cash flow and minimize the risk of similar issues in future periods.

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
N/A	N/A	N/A	N/A	N/A
TOTAL				**N/A**

The entity did not procure by other means in the period under review.

3.2. CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
N/A						

The entity did not have contract variations and expansions except for the irregular expenditure that is listed in paragraph 1 above that was as a result of extension of contracts.

PART F

FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE MPUMALANGA REGIONAL TRAINING TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 73 to 110, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement, and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

PROPERTY, PLANT, AND EQUIPMENT

3. The entity did not measure all items of property, plant, and equipment in accordance with GRAP 17, *Property, plant, and equipment*. The revised useful lives of certain assets were not calculated in accordance with the entity's methodology taking into account the condition of the assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant, and equipment, stated at R110,3 million (2022-23: R87,0 million) and the depreciation stated at R6,4 million (2022-23 R6,2 million) in note 5 to the financial statements, as it was impracticable to do so.
4. Furthermore, not all additions to the building and other fixed structures were recorded in accordance with GRAP 17, *Property, plant, and equipment*. Donations received in the previous year were not recorded at the date of acquisition. Consequently, the corresponding figure of revenue from non-exchange transactions as presented on the *Statement of financial performance* and buildings and other fixed structures disclosed on note 5 to the financial statements were understated by R6,5 million.

SEGMENT INFORMATION

5. Segment information was not correctly prepared and disclosed as required of GRAP 18, Segment information. This was due to multiple errors in allocating amounts to segments. I was not able to determine the full extent of the errors in the segment information, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to whether any to the segment information as disclosed in note 31 to financial statement.

CONTEXT FOR OPINION

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

10. I draw attention to note 28 in the financial statements, which indicates that as at 31 March 2024, the public entity had an accumulated deficit of R13,1 million and that the public entity's current liabilities exceed its current assets by R11,9 million. As stated in note 28, these events or conditions, along with other matters as stated note 28, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

EMPHASIS OF MATTERS

11. I draw attention to the matters below. My opinion is not modified in respect of these matters

MATERIAL IMPAIRMENTS – TRADE AND OTHER RECEIVABLES

12. As disclosed in note 3 to the financial statements, a material impairment of R15, 5 million (2022-23: R14.1 million) were incurred as a result of the impairment provision of the receivables from exchange transactions.

MATERIAL IMPAIRMENTS – INTERCOMPANY ACCOUNT

13. As disclosed in note 8 to the financial statements, a material impairment of R11, 2 million (2022-23: R11.2 million) were incurred as a result of the impairment provision of the intercompany loan.

RESTATEMENT OF CORRESPONDING FIGURES.

14. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity, and for the year ended, 31 March 2024.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

15. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 67 forms part of our auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
20. I selected the following material performance indicators related to technical training operations and hospitality and tourism academy programmes in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - POI 101: Number of learners to receive training in SAQA-registered learning programmes in culinary studies
    - POI 102: Number of learners to receive training in SAQA-registered learning programmes in hospitality studies
    - POI 103: Number of learners to receive customised training
    - POI 104: Number of learners receiving coaching and mentoring in the workplace
    - POI 105: Number of learners receiving coaching and mentoring in the workplace (culinary)
    - POI 106: Number of learners receiving coaching and mentoring in the workplace (hospitality studies)
    - POI 201: Number of learners to receive accredited or customised institutional training and continuing
    - POI 202: Number of candidates on RPL and trade testing
    - POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development
    - POI 204: Number of learners targeted for workplace opportunities and incubation programme

MRTT

- POI 205: Number of learners receiving accredited training through skills programmes
- POI 206: Number of learners receiving workplace training through secured projects.

21. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
22. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable
    - there is adequate supporting evidence for the achievements reported and for [the reasons provided for any over- or underachievement of targets.
23. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
24. I did not identify any material findings on the reported performance information for the selected indicators.

OTHER MATTERS

25. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.
27. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 22 to 33.

TECHNICAL TRAINING OPERATIONS

Targets achieved: 89,2%

Budget spent: Not indicated for each indicator.

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development	120 learners	107 learners

MATERIAL MISSTATEMENTS

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for hospitality and tourism academy and technical training operations. As management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

EXPENDITURE MANAGEMENT

33. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the non-compliance with supply chain management processes.
34. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

REVENUE MANAGEMENT

35. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

36. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, revenue, expenditure, a statement of comparison of budget and actual amounts and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

CONSEQUENCES MANAGEMENT.

37. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

PROCUREMENT AND CONTRACT MANAGEMENT

38. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.
39. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and Par 7.2 of NTI 03 of 2021/22.

OTHER INFORMATION IN THE ANNUAL REPORT

40. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
41. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
42. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
43. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and issue an amended report as appropriate. If the other information is corrected, however, this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

44. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
45. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

46. The accounting authority and management did not ensure that financial statements were not adequately and effectively reviewed.
47. Management did not ensure that the root causes of findings raised in the prior year were not timely and adequately addressed by the audit action plan.
48. Management did not ensure that daily and monthly processing of transactions was not adequately monitored leading to misstatements, i.e. reclassification misstatements identified.
49. Management did not keep proper and accurate records of the public entity that is readily available upon request.
50. Management did not do adequately work in developing estimates for useful lives of assets resulting in the inaccuracy estimates used in the preparation of the annual financial statements.
51. There were ineffective controls over approvals and implementation of policies and procedures lead to some of the misstatements.
52. Management did not ensure that the public entity complies with all its applicable laws and regulations applicable to it.

MATERIAL IRREGULARITIES

53. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS MADE ON COVID-19 PROCUREMENT

54. The accounting authority did not ensure that the public entity complies with PFMA section 51(1)

(a) (i) which states that an accounting authority for a public entity must ensure that the public entity has and maintains- effective, efficient and transparent systems of financial and risk management and internal control.

55. The accounting authority did not ensure that the public entity maintained an effective and efficient system of internal control as the requirements of paragraph 3.1 of the National Treasury Instruction No.5 of 2021: Emergency procurement in response to a national state of disaster were not implemented by the entity. I identified a material irregularity during the previous year's audit and notified the accounting authority on 15 December 2021, as a result of overpayments in made in 2020-21 financial year to various service providers for the procurement of covid-19 related supplies by the public entity. The overpayments are likely to result in a material financial loss for the public entity if the money is not recovered.
56. The accounting authority conducted an investigation into the material irregularity during the 2023-24 financial year.
57. I determined that the accounting authority is not taking appropriation to resolve the MI. I am in the process of making a decision on further actions to be taken.

Auditor - General

Mbombela

02 August 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity's to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor is engaged to express an independent opinion on the Annual Financial Statements and given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, which the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

The external auditor is responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The

Annual Financial Statements have been examined by the entity's external auditor and their report is presented on page 62.

The Annual Financial Statements set out on pages 73 to 110, which have been prepared on the going concern basis, were approved by the accounting authority on 30 May 2024 and were signed on its behalf by:

PP Maoko

Chairperson of the Board of Directors

Date: 31 July 2024

CD Maebela

Acting Chief Executive Officer - *ex-officio*

Date: 31 July 2024

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2024.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The entity is in skills development and operates primarily in the Mpumalanga Province. The entity operates mainly in Emalahleni as well as in Nelspruit and offers a range of accredited and customised courses from NQF Level 2 to NQF Level 5 in Technical and Hospitality trades.

Net deficit of the entity was R1 448 395 (2023: Deficit R 1 761 906).

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

For a detailed analysis please refer to Note 29 of the Financial Statements

3. SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the report that would affect the operations of the group or results of those operations significantly.

4. MEMBERS' INTEREST IN CONTRACTS

The members do not currently have any interests in the contractual dealings of the MRTT.

5. ACCOUNTING POLICIES

The Annual Financial Statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board.

6. ACCOUNTING AUTHORITY

The members of the entity during the year and to the date of this report are as follows: Name

- PP Maoko - Chairperson of the Board of Directors
- TR Mokgoshi
- BM Singwane - Resigned August 2023
- B Sibanyoni
- MI Tibane
- LM Motshwane
- HH Nkanyane
- D Dlamini (Audit Committee Chairperson) - Appointed 1 April 2023
- N Madiba (Risk Management Committee Chairperson)
- R Tshimomola (Audit Committee Chairperson) - Term ended 31 March 2023
- LH Moyane - Head Official :Provincial Department of Education - *ex-officio*
- CD Maebela - Acting Chief Executive Officer - *ex- officio*

7. SECRETARY

The secretary of the entity is NK Mametja is:

Business address	Suite No 8 Bureau de Paul Route N4 Office Park Emalahleni 1035
Postal address	Private Bag X7288 Emalahleni 1035

8. CORPORATE GOVERNANCE

GENERAL

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The accounting authority discusses the responsibilities of management in this respect at Board meetings and monitors the entity's compliance with the code on a quarterly basis.

The salient features of the entity's adoption of the Code are outlined below:

ACCOUNTING AUTHORITY

The members of the Accounting Authority:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors; and
- has established a Board directorship continuity programme.

CHAIRPERSON AND CHIEF EXECUTIVE

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

9. INTEREST IN CONTROLLED ENTITIES

Name of controlled entity	Surplus R
Mpumalanga Innovation and Skills Hub	5 347 449

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure of R8 971 467 in the current financial year and for the prior financial year the expenditure was R27 747 843.

The entity did not incur fruitless and wasteful expenditure in the current financial year.

Further details on the Irregular expenditure are in note 30 of the Annual Financial Statements.

As of the reporting date of March 31, 2024, the Annual Financial Statements of Mpumalanga Regional Training Trust (MRTT) recognize a significant contingency regarding the contractual arrangement with Vodacom for 3G data services. It has come to the attention of MRTT that fraudulent activities have been uncovered within the scope of this contract, leading to the suspension of services by Vodacom.

Both Vodacom and MRTT have initiated investigations into the matter. However, as of the reporting date, the outcome of these investigations remains unknown. The potential financial implications and legal ramifications of these fraudulent activities are uncertain at this time.

MRTT acknowledges its responsibility to provide transparent and accurate financial reporting. However, due to the ongoing nature of the investigation and the lack of clarity regarding the ultimate resolution, the exact impact on the financial position and performance of MRTT cannot be reliably determined at this time. Consequently, MRTT will continue to monitor the situation closely and provide updates as appropriate in subsequent financial reporting periods.

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

NK Mametja

Company Secretary

Date: 31 July 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note(s)	2024 R	2023 Restated R
ASSETS			
CURRENT ASSETS			
Inventories	2	267 935	248 642
Receivables from exchange transactions	3	5 852 038	9 919 115
Receivables from non-exchange transactions	10	822 000	-
Cash and cash equivalents	4	8 333 473	8 536 009
		15 275 446	**18 703 766**
NON-CURRENT ASSETS			
Property, plant, and equipment	5	110 298 114	87 003 673
Intangible assets	6	66 420	151 631
Investments in controlled entities	7	100	100
		110 364 634	**87 155 404**
Total Assets		**125 640 080**	**105 859 170**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	13	21 825 682	22 091 014
Provisions	12	5 327 080	5 216 675
		27 152 762	**27 307 689**
Total Liabilities		**27 152 762**	**27 307 689**
Net Assets		**98 487 318**	**78 551 481**
RESERVES			
Revaluation reserve	11	111 600 973	86 827 650
Accumulated deficit		(13 113 655)	(8 276 169)
Total Net Assets		**98 487 318**	**78 551 481**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2024 R	2023 Restated R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	14	32 433 217	34 291 219
Interest received	14	504 485	237 664
Bad debts recovered	14	-	100
Total revenue from exchange transactions	13	**32 937 702**	**34 528 983**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants	15	78 371 000	77 538 000
Services in kind		589 089	-
Total revenue from non-exchange transactions		**78 960 089**	**77 538 000**
Total revenue	14	**111 897 791**	**112 066 983**
EXPENDITURE			
Personnel	16	(59 998 415)	(53 423 362)
Depreciation and amortisation	5&6	(6 526 814)	(6 526 775)
Impairment loss/ Reversal of impairments	5	-	(242 327)
Administrative	17	(13 955 522)	(13 212 825)
Debt Impairment - (Decrease in impairment for the prior year)	18	(1 338 932)	900 046
Operating expenses	19	(38 312 062)	(41 323 646)
Total expenditure		**(120 131 745)**	**(113 828 889)**
Deficit for the year		**(8 233 954)**	**(1 761 906)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Revaluation reserve R	Accumulated deficit R	Total net assets R
Balance at 01 April 2022	**90 224 108**	**(11 394 177)**	**78 829 931**
Changes in net assets			
Deficit for the year	-	(1 761 906)	(1 761 906)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**1 634 552**	**(1 761 906)**
Opening balance as previously reported	86 827 650	(9 759 625)	77 068 025
Adjustments			
Prior year adjustments	-	1 483 308	1 483 308
Balance at 01 April 2023 as restated*	**86 827 650**	**(8 276 317)**	**78 551 333**
Changes in net assets			
Fair value gains: Land and buildings	28 169 782	-	28 169 782
Realisation of revaluation surplus	(3 396 459)	3 396 459	-
Net income (losses) recognised directly in net assets	24 773 323	3 396 459	28 169 782
Deficit for the year	-	(8 233 954)	(8 233 954)
Total recognised income and expenses for the year	24 773 323	(4 837 495)	19 935 828
Total changes	**24 773 323**	**(4 837 495)**	**19 935 828**
Balance at 31 March 2024	**111 600 973**	**(13 113 812)**	**98 487 161**
Note(s)	11		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2024 R	2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering of services		33 887 574	28 631 076
Government Grants		78 371 000	77 538 000
Interest received		504 485	237 663
		112 763 059	**106 406 739**
PAYMENTS			
Suppliers and Employee costs		(111 250 900)	(102 205 863)
Net cash flows from operating activities	22	**1 512 159**	**4 200 876**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	5	(1 714 695)	(293 713)
Net Increase / (decrease) in cash and cash equivalents		**(202 536)**	**3 907 163**
Cash and cash equivalents at the beginning of the year		8 536 009	4 628 846
Cash and cash equivalents at the end of the year	4	**8 333 473**	**8 536 009**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	26 417 338	6 452 564	32 869 902	32 937 700	67 798	32.1
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	57 549 000	20 822 000	78 371 000	78 371 000	-	32.2
Services in Kind	-	-	-	589 089	589 089	
Total revenue from non-exchange transactions	**57 549 000**	**20 822 000**	**78 371 000**	**78 960 089**	**589 089**	
Total revenue	**83 966 338**	**27 274 564**	**111 240 902**	**111 897 789**	**656 887**	
EXPENDITURE						
Personnel	(43 123 350)	(20 822 000)	(63 945 350)	(59 998 415)	3 946 935	32.3
Capital expenditure	(2 496 062)	-	(2 496 062)	(1 714 695)	781 367	32.5
Goods and Services	(38 346 926)	(6 452 564)	(44 799 489)	(60 133 330)	(15 333 841)	32.4
Total expenditure	**(83 966 337)**	**(27 274 564)**	**(111 240 901)**	**(121 846 440)**	**(10 605 539)**	
Deficit before taxation	**-**	**-**	**-**	**(9 948 651)**	**(9 948 652)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(9 948 651)**	**(9 948 652)**	

RECONCILIATION

BASIS DIFFERENCE	
Depreciation and amortisation	6 526 814
Provisions	752 403
Debt impairment	1 338 932
Actual Amount in the Statement of Financial Performance	**(1 330 502)**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 25 Changes in accounting policy.

1.1 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

TRADE RECEIVABLES / HELD TO MATURITY INVESTMENTS AND/OR LOANS AND RECEIVABLES

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment is recognised for estimated losses on individually significant trade receivables and on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables as a result of one or more events that occurred during the reporting year. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired.

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

An allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items.

IMPAIRMENT TESTING

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 12 - Provisions.

ALLOWANCE FOR DOUBTFUL DEBTS

Impairment is recognised for estimated losses on individually significant trade receivables and on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables as a result of one or more events that occurred during the reporting year. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired.

1.5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant, and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant, and equipment are initially measured at cost.

The cost of an item of property, plant, and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant, and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant, and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant, and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant, and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant, and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant, and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant, and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant, and equipment are carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant, and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant, and equipment are carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant, and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE (YEARS)
Machinery and Equipment	Straight line	10 - 30
Office Furniture	Straight line	20 - 30
Motor vehicles	Straight line	15
Office equipment	Straight line	20 - 30
Computer equipment	Straight line	10 - 20
Domestic equipment	Straight line	20 - 30

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

IMMOVABLE ASSETS (LAND AND BUILDINGS)

Items of land and buildings are stated at revalued amounts, less accumulated depreciation on buildings and accumulated impairment losses. Additions to items of land and buildings are recorded at cost

Cost comprises of all expenditure directly attributable to bringing the asset to its condition necessary for it to be capable of operating in the manner intended by management.

Revaluations are done every five years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Items of land and buildings shall be revalued to their fair values.

The fair value is determined directly by reference to observable prices in an active market or recent market transaction at arm's length terms or was estimated using other valuation techniques. Revaluations will be done by an independent appraiser registered as a Professional Association of Valuers with the South African Council for the Property Valuers Profession.

When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount,

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation.

On disposal of previously revalued property, plant, and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus.

Land is not depreciated.

Depreciation on the buildings is calculated on a straight line basis over the expected useful lives of each major component of buildings assets.

Depreciation on buildings is charged to the Statement of Financial Performance

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USEFUL LIFE

Buildings - 20 years.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant, and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant, and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant, and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE (YEARS)
Computer software	Straight line	3 - 6

1.7 INVESTMENTS IN CONTROLLED ENTITIES

In the entity's separate Annual Ainancial Statements, investments in investments in controlled entities are carried at cost. The entity applies the same accounting for each category of investment.

Investments in controlled entities that are accounted for in accordance with the accounting policy on financial instruments in the consolidated Annual Financial Statements, are accounted for in the same way in the controlling entity's separate Annual Financial Statements.

1.8 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

1.9 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

1.10 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, and then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

POST-EMPLOYMENT BENEFITS

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficit.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised however the contingencies are disclosed in note .

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

1.13 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, and volume rebates.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

INTEREST, ROYALTIES, AND DIVIDENDS

Revenue arising from the use by others of entity assets yielding interest, royalties, and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

SERVICES IN-KIND

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

MEASUREMENT

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.19 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2023 to 31/03/2024.

The budget for the economic entity includes all the entities approved budgets under its control.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.20 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its Annual Financial Statements.

1.21 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. INVENTORIES

	2024 R	2023 R
Consumables	267 935	248 642
Carrying value of inventories carried at fair value less costs to sell	267 935	248 642

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Trade debtors	21 323 517	24 051 662
Allowance for impairment	(15 474 980)	(14 136 048)
Deposits	3 500	3 500
	5 852 037	**9 919 114**

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

MRTT does not have trade and other receivables pledged as security.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

MRTT as at the financial year-end did not have trade and other receivables past due but not impaired:

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (15 474 980) as of 31 March 2024 (2023: R (14 136 048)). All debtors in the ageing analysis as at the financial year-end which is 31 March that are from 60 days are impaired at 100% as they are past due. The remaining balance of R5 197 241 is not yet due and therefore not considered for impairment.

The ageing of these receivables is as follows:

	2024 R	2023 R
3 to 6 months	1 371 542	5 710 370
Over 6 months	14 111 134	8 425 678

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2024 R	2023 R
Opening balance	14 136 048	16 345 546
Provision for impairment	1 338 932	(2 209 498)
	15 474 980	**14 136 048**

4. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Cash and cash equivalents consist of:		
Cash on hand	8 634	11 911
Bank balances	8 294 294	8 392 207
Short-term deposits	30 545	131 891
	8 333 473	**8 536 009**

	2024 R	2023 R
Cash and cash equivalents held by the entity that are not available for use by the economic entity	15 944 201	10 526 231

4. CASH AND CASH EQUIVALENTS (CONTINUED)

The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust. During the fiscal year and previous financial years, funds held on behalf of Mpumalanga International Skills Hub (MISH) were utilized by Mpumalanga Regional Training Trust (MRTT) to settle its commitments and operational expenses. Additionally, MRTT incurred costs to cover the salaries and other expenses of its subsidiary, Royal Hotel, which was declared a non-going concern. These measures were necessary to ensure the continuity of MRTT's operations and to manage the financial challenges posed by the subsidiary's status

5. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R
Land and buildings	157 788 644	(57 581 644)	100 207 000	129 618 862	(52 005 482)	77 613 380
Machinery and equipment	5 433 965	(1 728 058)	3 705 907	4 424 181	(1 491 444)	2 932 737
Office furniture	4 873 557	(2 377 640)	2 495 917	4 824 868	(2 209 094)	2 615 774
Motor vehicles	2 845 443	(1 727 788)	1 117 655	2 845 443	(1 538 092)	1 307 351
Office equipment	621 185	(259 075)	362 110	567 266	(238 054)	329 212
Computer equipment	2 274 404	(885 767)	1 388 637	2 149 102	(773 289)	1 375 813
Domestic equipment	1 540 245	(519 357)	1 020 888	1 284 294	(454 888)	829 406
Total	**175 377 443**	**(65 079 329)**	**110 298 114**	**145 714 016**	**(58 710 343)**	**87 003 673**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	Opening balance R	Additions R	Disposals R	Revaluations R	Depreciation R	Total R
Buildings	77 613 380	-	-	28 169 782	(5 576 162)	100 207 000
Machinery and equipment	2 932 736	1 009 785	-	-	(236 614)	3 705 907
Office furniture	2 615 774	48 689	-	-	(168 547)	2 495 916
Motor vehicles	1 307 351	-	-	-	(189 696)	1 117 655
Office equipment	329 212	61 019	(2 349)	-	(25 772)	362 110
Computer equipment	1 375 813	339 252	(146 083)	-	(180 344)	1 388 638
Domestic equipment	829 407	255 950	-	-	(64 469)	1 020 888
Total	**87 003 673**	**1 714 695**	**(148 432)**	**28 169 782**	**(6 441 604)**	**110 298 114**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

	Opening balance R	Additions R	Additions through donations R	Impairment loss R	Depreciation R	Total R
Land and buildings	83 189 346	-	-	-	(5 575 966)	77 613 380
Machinery and equipment	3 240 587	54 562	-	(132 117)	(230 296)	2 932 736
Office furniture	2 778 988	1 496	31 702	(24 182)	(172 230)	2 615 774
Motor vehicles	1 551 458	-	-	(36 697)	(207 410)	1 307 351
Office equipment	355 297	1 957	-	(3 102)	(24 940)	329 212
Computer equipment	1 357 505	235 698	-	(44 964)	(172 426)	1 375 813
Domestic equipment	888 969	-	-	(1 265)	(58 297)	829 407
	93 362 150	293 713	31 702	(242 327)	(6 441 565)	87 003 673

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2024 R	2023 R

REVALUATIONS

The effective date of the revaluations was 31 March 2024. Valuations were performed by independent valuer, Mr. Chris Baleni [Professional Valuer], of Chris B Valuers and Projects. Chris B Valuers and Projects are not connected to the entity.

Land and buildings are valued independently every five years.

DETAILS OF PROPERTIES

OTHER INFORMATION

HOSPITALITY AND TOURISM ACADEMY - KANYAMAZANE

The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms, and a swimming pool. The site area is 29,423 square meters and is situated in KaNyamazane, Nelspruit

	2024 R	2023 R
Building	52 642 000	35 358 743
Land	2 795 000	2 500 000
	55 437 000	**37 858 743**

KABOKWENI TRAINING CENTRE - KABOKWENI

The property includes an office block, 2 workshops and ablution block. The site area is 5,328 square meters

	2024 R	2023 R
Building	9 700 000	10 327 683
Land	430 000	500 000
	10 130 000	**10 827 683**

TECHNICAL TRAINING CENTRE - EMALAHLENI

The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square meters.

	2024 R	2023 R
Building	28 020 000	23 514 587
Land	1 660 000	750 000
	29 680 000	**24 264 587**

MRTT HOUSE

Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street, Emalahleni).

	2024 R	2023 R
Building	2 000 000	822 368
Land	390 000	350 000
	2 390 000	**1 172 368**

CORRIDOR HILL - EMALAHLENI

	2024 R	2023 R
Land	2 570 000	3 490 000

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT INCLUDED IN STATEMENT OF FINANCIAL PERFORMANCE

	2024 R	2023 R
Repairs and Maintenance	622 903	553 558

6. INTANGIBLE ASSETS

	2024			2023		
	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software	492 311	(425 891)	66 420	492 311	(340 680)	151 631

RECONCILIATION OF INTANGIBLE ASSETS - 2024	Opening balance R	Amortisation R	Total R
Computer software	151 630	(85 210)	66 420
RECONCILIATION OF INTANGIBLE ASSETS - 2023			
Computer software	236 841	(85 211)	151 630

7. INVESTMENTS IN CONTROLLED ENTITIES

Name of company	Held by	% holding 2023	% holding 2022	Carrying amount 2023 R	Carrying amount 2023 R
Royal Hotel		100%	100 %	100	100

MRTT is the holding company of Royal Hotel and holds 100% of shares in the subsidiary called MRTT Royal Hotel Pilgrims Rest (Pty) Ltd. Operations of the Royal Hotel came to an end on the 31 of August 2022 as the lease expired.

8. LOANS TO (FROM) ECONOMIC ENTITIES

	2024 R	2023 R
CONTROLLED ENTITIES		
Royal Hotel	11 151 893	9 842 441
During the 2012/13 financial year the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MRTT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The intercompany account is the balance as at the end of the financial year. The balance in the current year is R11 151 893 and in the prior year was R11 151 893 and has been impaired at 100%.		
Current Year transactions	-	1 309 452
Impairment of balance at 100%	(11 151 893)	(11 151 893)
	-	-

The debtor is impaired at 100% as the subsidiary is undergoing a liquidation process as it is no longer a going concern and probability of recovery of the debt is highly unlikely.

9. EMPLOYEE BENEFIT OBLIGATIONS	2024 R	2023 R

DEFINED CONTRIBUTION PLAN

It is the policy of the entity to provide retirement benefits to all its permanent employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	6 975 604	6 907 930
The amount recognised as an expense for defined contribution plans is	6 975 604	6 907 930

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants and subsidies	822 000	-

11. NON DISTRIBUTABLE RESERVES

Revaluations are done every five years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Items of land and buildings shall be revalued to their fair values. The fair value is determined directly by reference to observable prices in an active market or recent market transaction at arm's length terms or was estimated using other valuation techniques. Revaluations will be done by an independent appraiser registered as a Professional Association of Valuers with the South African Council for the Property Valuers Profession. When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant, and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus. In terms of the articles of association.

Opening balance	86 827 650	90 224 108
Change during the year	28 169 781	-
Realisation of revaluation surplus	(3 396 458)	(3 396 458)
	111 600 973	**86 827 650**

12. PROVISIONS

RECONCILIATION OF PROVISIONS - 2024	Opening balance R	Additions R	Utilised during the year R	Total R
Leave days	3 681 296	579 842	(641 998)	3 619 140
Bonus	1 535 379	172 561	-	1 707 940
	5 216 675	**752 403**	**(641 998)**	**5 327 080**

12. PROVISIONS (CONTINUED)

RECONCILIATION OF PROVISIONS - 2023	Opening balance R	Utilised during the year R	Raised / Reversed during the year R	Total R
Leave days	3 873 391	(551 361)	359 266	3 681 296
Bonus	1 586 970	-	(51 591)	1 535 379
	5 460 361	**(551 361)**	**307 675**	**5 216 675**

EMPLOYEE BENEFIT COST PROVISION

The provision disclosed is for leave days balance as at financial year-end for employees of the entity, the other provision is for performance bonus of permanent employees.

The payment of the leave days is only when the employee resigns from the employment of MRTT and is only limited to 25 leave days.

The payment of a performance bonus is at the discretion of the Accounting Authority after the individual assessment as well as affordability by MRTT.

13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Trade payables	18 880 561	16 538 439
Accruals	491 743	3 078 537
Income received in advance	2 453 378	2 474 038
	21 825 682	**22 091 014**

The Trade payables amount disclosed in note 12 includes amounts that are owed to the subsidiary (Mpumalanga Innovation and Skills Hub). The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust.

The balance in the current year is R15 944 201

The balance in the prior year is R10 526 231

14. REVENUE

Rendering of services	32 433 217	34 291 219
Interest received	504 485	237 664
Bad debts recovered	-	100
Government grants & subsidies	78 371 000	77 538 000
Services in kind	589 089	-
	111 897 791	**112 066 983**

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Project income	25 932 619	27 058 402
Hotel income	2 058 344	1 325 927
Tuition fees	3 481 245	4 741 579
Other income	961 009	1 165 311
	32 433 217	**34 291 219**

14. REVENUE (CONTINUED)

	2024 R	2023 R

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

SERVICES IN KIND

Services in kind	589 089	-

15. GOVERNMENT GRANTS AND SUBSIDIES

OPERATING GRANTS

Government grant	70 371 000	60 033 000
Comprehensive Rural Development Programme	3 000 000	9 958 000
National Youth Service	5 000 000	7 547 000
	78 371 000	**77 538 000**

16. PERSONNEL

Basic	43 847 647	41 139 784
Car allowance	1 462 636	1 278 170
Leave paid	756 734	727 485
Overtime	1 159 698	851 372
Acting allowance and added responsibility	2 690 446	1 308 890
Backpay	2 764 588	1 251 012
Phone, housing and shift allowances	518 700	501 419
Pension fund	2 115 121	2 122 412
Provident fund	2 801 422	2 748 195
Medical aid - company contribution	780 214	737 128
UIF - Company contribution	298 001	256 905
Skills Development Levy - Company contribution	499 959	463 430
Long-Service awards	303 249	65 582
	59 998 415	**53 451 784**

INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS -

PAYE	11 466 638	8 493 143
UIF (employee contribution)	298 002	256 905
	11 764 640	**8 750 048**

17. ADMINISTRATIVE EXPENDITURE

	2024 R	2023 R
Rates and Taxes	2 036 375	1 765 640
Communication	4 110 015	3 854 258
Insurance	809 311	117 828
Motor fleet	1 067 224	1 004 207
Leases	826 056	973 936
Security	3 927 450	3 694 452
Rent	-	746 566
Printing and stationery	400 863	92 833
Repairs and maintenance	139 029	27 944
Other administrative	639 199	935 161
	13 955 522	**13 212 825**

18. DEBT IMPAIRMENT

Debt impairment	1 338 932	(900 046)

19. OPERATING EXPENSES

Auditors remuneration	6 447 009	9 848 065
Bank charges	280 044	343 715
Professional fees	1 585 715	764 247
Food and beverage	703 019	473 753
Accommodation	684 261	283 340
Skills development training	157 253	144 968
Marketing	167 973	84 737
Pest control	34 830	14 748
Work placement	260 235	138 210
Printing and stationery	1 212 570	1 081 216
Learner protective clothing	680 710	414 325
Training material	6 843 973	9 519 988
Subsistence and Travel	2 520 965	2 503 226
Hotel rates, water, and electricity	1 116 857	916 401
Stipends	3 270 734	3 805 052
Staff appointment and recruitment	364 292	143 362
Learner toolboxes	4 892	302 283
Production - Construction	2 956 854	2 948 512
Training centres and Hotel repairs and maintenance	489 316	525 614
Directors expenses	5 166 775	4 283 167
Hotel Security	1 074 299	995 072
Hotel operating expenses	1 723 008	1 374 265
Training centre operating expenses	9 935	27 084
Corporate services operating expenses	556 543	382 642
	38 312 062	**41 317 992**

20. AUDITOR'S REMUNERATION

	2024 R	2023 R
External audit fees	5 957 757	8 918 095
Internal audit fees	489 252	929 970
	6 447 009	**9 848 065**

21. TAXATION

MRTT is exempt from both Income tax and Value added tax in terms of the provisions of section 10(1)cN) of the Income Tax Act and Section 24 (1) of the VAT Act respectively.

22. CASH GENERATED FROM OPERATIONS

	2024 R	2023 R
Deficit	(8 233 954)	(1 761 906)
Adjustments for:		
Depreciation and amortisation	6 526 814	6 526 775
Revenue from service in kind	(589 089)	-
Impairment deficit	-	255 998
Debt impairment	1 338 932	(900 046)
Movements in provisions	110 405	(243 686)
Non-cash items	(84 469)	(45 380)
Changes in working capital:		
Inventories	(19 293)	105 445
Receivables from exchange transactions	2 728 145	(4 186 931)
Inter company	-	(1 309 452)
Payables from exchange transactions	(265 332)	5 760 059
	1 512 159	**4 200 876**

23. COMMITMENTS

APPROVED AND AUTHORISED COMMITMENTS

	2024 R	2023 R
Already contracted for:		
• Commitments	4 400 968	9 574 939

Commitments represent future contractual commitments the organisation has engaged itself with other parties whereby cash outflows will be legally expected from the organisation. The commitment disclosed relates to garden services, security services, internal audit, and photocopiers contracts.

24. RELATED PARTIES

	2024 R	2023 R

RELATIONSHIPS

Members	Refer to members' report note
Ultimate controlling entity	Department of Education - Mpumalanga
Controlled entity	Mpumalanga Innovation and Skills Hub
Controlled entities	Refer to note 7
Members of key management	Executive Management (Note 25)

RELATED PARTY BALANCES

INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL

	2024 R	2023 R
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	11 151 893	11 151 893
Impairment of the balance - 100%	(11 151 893)	(11 151 893)

RECEIVABLES WITH RELATED PARTIES - MPUMALANGA DEPARTMENT OF EDUCATION

	2024 R	2023 R
Mpumalanga Department of Education	7 558 772	9 936 575
Impairment of the balance	(992 587)	(93 668)

PAYABLES WITH RELATIES PARTIES

	2024 R	2023 R
Mpumalanga Innovation and Skills Hub	15 944 201	10 548 986

RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

	2024 R	2023 R
Mpumalanga Department of Education	24 831 762	17 335 421

RECEIPTS FROM RELATED PARTIES

	2024 R	2023 R
Mpumalanga Department of Education - MRTT allocation	78 371 000	77 538 000
Mpumalanga Department of Education - MISH allocation	7 000 000	12 163 000

PAYMENTS MADE BY DEPARTMENT - SERVICES IN KIND PAYMENTS

	2024 R	2023 R
Services in kind payments	(589 089)	-

SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION

	2024 R	2023 R
Services in kind	589 089	-

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE: 2024	Members' fees R	Total R
PP Maoko - Chairperson of the Board of Directors	821 547	821 547
TR Mokgoshi	500 358	500 358
BM Singwane - Resigned August 2023	74 329	74 329
B Sibanyoni	794 141	794 141
MI Tibane	855 877	855 877
LM Motshwane	527 785	527 785
HH Nkanyane	717 507	717 507
D Dlamini (Audit Committee Chairperson) * - Term commenced 1 April 2023	385 446	385 446
N Madiba (Risk Management Committee Chairperson) *	181 501	181 501
R Tshimomola (Audit Committee Chairperson) *	17 268	17 268
	4 875 759	**4 875 759**

EXECUTIVE: 2023		
PP Maoko - Chairperson of the Board of Directors	585 919	585 919
TR Mokgoshi	419 413	419 413
BM Singwane - Resigned August 2023	234 966	234 966
B Sibanyoni	783 504	783 504
MI Tibane	633 365	633 365
LM Motshwane	459 685	459 685
HH Nkanyane	638 176	638 176
R Tshimomola (Audit Committee Chairperson) *- Term ended 31 March 2023	282 234	282 234
	4 037 262	**4 037 262**

* The Audit Committee Chairperson and the Risk Management Committee Chairperson are critical to the governance and oversight of Mpumalanga Regional Training Trust (MRTT). While these individuals are not registered as directors with the Companies and Intellectual Property Commission (CIPC), their roles and responsibilities are significant. The individuals who chair these committees are highly qualified and bring substantial expertise to their respective roles.

The remuneration received by the Audit Committee Chairperson and the Risk Management Committee Chairperson is disclosed in the financial statements to provide transparency. Their remuneration reflects the responsibilities and time commitment required for their roles.

AUDIT COMMITTEE CHAIRPERSON

The Audit Committee Chairperson oversees the Audit Committee, providing leadership and guidance on matters of financial reporting, internal controls, and compliance. However, it is important to note that the Audit Committee Chairperson is not registered as a director of MRTT with the Companies and Intellectual Property Commission (CIPC).

RISK MANAGEMENT COMMITTEE CHAIRPERSON

The Risk Management Committee Chairperson is responsible for the effective operation of the Risk Management Committee, which monitors and advises on the organization's risk management framework and practices. Similarly, the Risk Management Committee Chairperson is not registered as a director of MRTT with the Companies and Intellectual Property Commission (CIPC).

This disclosure is made to ensure transparency in our governance practices and to clarify the roles and positions of key committee chairpersons within MRTT.

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

EXECUTIVE: 2024	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela Acting Chief Executive Officer (Appointed 1 September 2023) *	-	252 418	1 771	254 189
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	482 151	333 136	83 651	898 938
MG Jafta - Chief Financial Officer	1 492 143	134 545	256 553	1 883 241
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 Januay 2024)	910 819	186 925	141 763	1 239 507
G Silaule - General Manager Technical Training operations (Appointed 1 February 2024)	173 311	3 064	30 014	206 389
ZL Khoza - Acting General Manager Technical Training operations (Acting Terminated 31 January 2024)	1 112 846	248 520	192 419	1 553 785
E Mkhabela - Acting General Manager Hospitality and Tourism academy	593 529	388 541	142 093	1 124 163
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	151 727	358 722	27 072	537 521
	4 916 526	**1 905 871**	**875 336**	**7 697 733**

EXECUTIVE: 2023				
FW Magwandana Acting Chief Executive Officer (Appointed 1 September 2023)	896 046	130 197	155 760	1 182 003
MS Makgoba Acting Chief Executive Officer (Resigned August 2023)	444 234	277 170	84 348	805 752
MG Jafta - Chief Financial Officer	1 422 172	52 481	244 722	1 719 375
ZL Khoza - Acting General Manager Technical Training Operations	1 037 206	158 129	125 287	1 320 622
B Hlatshwayo - Acting General Manager Hospitality and Tourism Academy	775 127	153 333	135 315	1 063 775
S Shungube - Acting General Manager Corporate Services	444 132	141 986	79 348	665 466
	5 018 917	**913 296**	**824 780**	**6 756 993**

* Mr. CD Maebela has been appointed as the Acting Chief Executive Officer for MRTT effective from 1 September 2023. He is a permanent employee of the Mpumalanga Department of Education and has been seconded to the role of Acting CEO for MRTT. The amount reflected above is only the acting allowance that the he is receiving from MRTT.

26. PRIOR PERIOD ERRORS

The accounting policy of the entity states that the useful lives and residual values of property, plant, and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information. However the entity did not assess the useful life of all assets and some assets are now fully depreciated but still in use.

The useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles, software were revised based on a 100% physical verification of all assets. The verification of the assets included the assessment of useful lives and residual values as well as conditional assessment of all assets as required by GRAP.

The results of the exercise resulted in management revising the useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles to be revised.

26. PRIOR PERIOD ERRORS (CONTINUED)

2023
R

The effects of the correction of the error on the results of 2024 and the preceding financial year i.e. 2023. The errors were only possible to be corrected from the 1st of April 2022 and hence the AFS for that financial have been restated

Management of the entity engaged on a 100% physical verification of all assets of the entity which included conditional assessment of assets and the results / impact of the exercise are as follows:-

	2023 R
Property, plant. and equipment balance after change in estimates	9 390 2931
Property. plant. and equipment balances as at 31 March 2023	8 241 7627
Adjustments in the balance of PPE	**1 148 531**

The amount included in revenue arising from exchanges of goods or services are as follows:

STATEMENT OF FINANCIAL POSITION

Property, plant. and equipment	-	1 148 531
Opening Accumulated Surplus or Deficit	-	1 148 531

STATEMENT OF FINANCIAL PERFORMANCE

Depreciation expense	-	319 850

27. RISK MANAGEMENT

LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

AT 31 MARCH 2024	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Trade and other payables	21 825 682	-	-	-
Provisions	5 327 080	-	-	-

AT 31 MARCH 2023	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Trade and other payables	22 091 014	-	-	-
Provisions	5 216 675	-	-	-

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

27. RISK MANAGEMENT (CONTINUED)

	2024 R	2023 R

Financial assets exposed to credit risk at year-end were as follows:

FINANCIAL INSTRUMENT

Cash and cash equivalents	8 333 473	8 536 009
- Current	6 582 131	9 907 957
- 60 days	1 283 762	4 462 266
- 90 - 120 days	62 274	1 159 816
+ 150 days	14 128 944	8 501 473
Total receivables from exchange and non exchange transactions	22 057 111	24 031 512
Inter-company account - Royal Hotel	11 151 893	11 151 893

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

FOREIGN EXCHANGE RISK

PRICE RISK

The entity is not exposed to equity securities price risk because of no investments held by the entity. The entity is not exposed to commodity price risk.

28. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated deficit of R (13 113 655) and that the entity's current liabilities exceed its current assets by R 11 877 316. The total assets however exceed the liabilities by R98 487 318 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2023 and March 2024 for the year under review to the tune of R20 822 000, the entity has losses for 2 consecutive years (2024 - R8 233 954 and 2023 - R1 761 914).

The indicators above indicate that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern however the solvency ratio covers the entity for the long term. It is therefore the entity's conclusion that entity is still a going concern as that total assets exceed current liability and the management has plans to deal with these events or conditions as listed below.

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is a public entity listed under Schedule 3C of the PFMA and reports to the Department of Education in Mpumalanga. MRTT has been allocated a three-year grant allocation letter (2023 - 2025) by the Department of Education and signed by the Head Official of the Department of Education.

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2024/25.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continuously is allocated the grant funding by the Mpumalanga Department of Education and that will remain in force for so long as it takes to restore the solvency of the entity

The entity will continue to procure funding for the ongoing operations for the entity through a number of projects as well as the Hotel in Nelspruit, Kanyamazane.

29. FRUITLESS AND WASTEFUL EXPENDITURE

	2024 R	2023 R
Fruitless and wasteful expenditure	414 817	-

In the current year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS

30. IRREGULAR EXPENDITURE

	2024 R	2023 R
Irregular expenditure - current year	8 971 467	27 747 843

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

	2024 R	2023 R
Current year	8 971 467	3 668 558
Prior years	104 972 289	101 303 731
	113 943 756	**104 972 289**

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

	DISCIPLINARY STEPS TAKEN/CRIMINAL PROCEEDINGS	
Incident 1	The irregular expenditure is due to an extension of 3 key contracts during the 2016/17 financial year. The extension of the 3 contracts by MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals, and training was not disturbed.	1 124 175
Incident 2	Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17	3 088 940
Incident 3	Extension of contracts	1 974 057
Incident 4	Budget overexpenditure	1 857 126
Incident 5	Minimum of 3 quotations were not obtained	801 311
Incident 6	Deviation not justified (Deviation not reported to Treasury)	125 858
		8 971 467

31. SEGMENT INFORMATION

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

The entity is organised and reports to the Accounting Authority on the basis of three major functional areas: Hospitality and Tourism Academy, Technical Training Operations, and Corporate Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The segments are geographically located in the Mpumalanga province. The Hospitality and Tourism Academy is based in the Lowveld in Nelspruit.

The Technical Training Operations is located in Highveld in Emalahleni. The Corporate Services is located in Highveld in Emalahleni.

31. SEGMENT INFORMATION (CONTINUED)

TYPES OF GOODS AND/OR SERVICES BY SEGMENT

These reportable segments as well as the goods and/or services for each segment are set out below:

REPORTABLE SEGMENT	GOODS AND/OR SERVICES
Hospitality and Tourism Academy	Skills Development in Hospitality and Tourism trades. Offers accommodation, conference facilities, food and beverage services
Technical Training Operations	Skills development in technical trades in welding, agriculture, electrical, spray painting, panel beating, construction
Corporate Services	Corporate services in Finance, Human Resources, Supply Chain, Quality Assurance, Marketing

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

2024	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
REVENUE	R	R	R	R
Revenue from non-exchange transactions	-	11 400 000	66 971 000	78 371 000
Revenue from exchange transactions	3 392 879	28 011 527	1 465 494	32 869 900
Total segment revenue	**3 392 879**	**39 411 527**	**68 436 494**	**111 240 900**
Entity's revenue				**111 240 900**
EXPENDITURE				
Administration	-	-	13 955 518	13 955 518
Operating expenses	6 370 464	15 462 502	16 090 153	37 923 119
Personnel	-	-	59 504 687	59 504 687
Debt impairment	-	-	1 338 932	1 338 932
Depreciation and amortisation	-	-	6 526 814	6 526 814
Total segment expenditure	**6 370 464**	**15 462 502**	**97 416 104**	**119 249 070**
Total segmental deficit				**(8 008 170)**
ASSETS				
Inventories	57 421	-	210 514	267 935
Property, plant, and equipment	-	-	110 298 114	110 298 114
Cash and cash equivalents	273 142	-	8 060 331	8 333 473
Intangible assets	-	-	66 420	66 420
Receivables from exchange transactions	-	-	5 208 437	5 208 437
Investments in controlled entities	-	-	100	100
Total segment assets	**330 563**	**-**	**123 843 916**	**124 174 479**
LIABILITIES				
Payables	-	-	20 157 061	20 157 061
Provisions	-	-	5 327 080	5 327 080
Revaluation reserves	-	-	111 600 972	111 600 972
Accumulated surplus	-	-	(12 910 634)	(12 910 634)
Total segment liabilities	**-**	**-**	**124 174 479**	**124 174 479**
Total liabilities as per Statement of financial Position				**124 174 479**

31. SEGMENT INFORMATION (CONTINUED)

2023	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
REVENUE	R	R	R	R
Revenue from non-exchange transactions	-	27 945 000	49 593 000	77 538 000
Revenue from exchange transactions	2 715 906	30 410 094	1 165 319	34 291 319
Interest revenue	-	-	237 664	237 664
Total segment revenue	**2 715 906**	**58 355 094**	**50 995 983**	**112 066 983**
Entity's revenue				**112 066 983**
EXPENDITURE				
Administrative	-	-	13 212 825	13 212 825
Operating expenses	4 830 024	19 394 099	17 093 858	41 317 981
Personnel	-	-	53 451 785	53 451 785
Depreciation and amortisation	-	-	6 206 926	6 206 926
Total segment expenditure	**4 830 024**	**19 394 099**	**89 965 394**	**114 189 517**
Total segmental deficit				**(2 122 534)**
ASSETS				
Inventories	36 790	-	211 852	248 642
Property, plant, and equipment	-	-	85 855 142	85 855 142
Cash and cash equivalents	596 059	-	7 939 950	8 536 009
Total segment assets	**632 849**	**-**	**94 006 944**	**94 639 793**
Receivables from exchange transactions				9 898 964
Investments in controlled entities				100
Intangible assets				152 879
Total assets as per Statement of Financial Position				**104 691 736**
LIABILITIES				
Payables	-	-	-	22 093 625
Provisions	-	-	-	5 216 675
Revaluation reserves	-	-	-	86 827 650
Accumulated loss	-	-	-	(9 446 214)
Total segment liabilities	-	-	-	**104 691 736**
Total liabilities as per Statement of financial Position				**104 691 736**

Measurement of segment surplus or deficit, assets and liabilities.

32. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended 31 March 2024 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis

The approved budget classified items on the same basis as is adopted in the financial statements (Statement of Comparison of Budget and Actual Amounts), which is by economic nature (Compensation of employees, Goods and Services, Capital Expenditure)

32.1 There is no variance noted due to the budget adjustment in revenue from exchange transactions.

32.2 There is no variance as budget amount was invoiced in full from the Department of Education and there was an adjustment to the allocation of R20 822 million.

32.3 The favourable variance is due to the budget adjustment by the DoE in December 2023 for an amount of R20.822 million.

32.4 The unfavourable variance is due to the fact that there was more expenditure in relation to the various projects that the entity undertook in the year under review and the budget adjustment was not sufficient to avoid the over expenditure.

32.5 The favourable variance is due to less capital requirements during the financial year.

REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO MPUMALANGA PROVINCIAL LEGISLATURE ON MPUMALANGA REGIONAL TRAINING TRUST CONSOLIDATED ENTITY

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS

1. I have audited the consolidated and separate financial statements of the Mpumalanga Regional Training Trust and its subsidiaries (the group) set out on pages 122 to 163, which comprise the consolidated and separate statement of financial position as at 31 March 2024, the consolidated and separate statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mpumalanga Regional Training Trust Group as at 31 March 2024 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 199 (PFMA).

BASIS FOR QUALIFIED OPINION

CONSOLIDATION OF CONTROLLED ENTITIES

3. The Mpumalanga Regional Training Trust Group did not account for all its subsidiaries in accordance with GRAP 35, consolidated financial statements. This is due to the failure of the subsidiary to prepare the financial statements. I was unable to determine the full extent of the misstatements in the consolidated financial statements, as it was impracticable to do so.

PROPERTY, PLANT AND EQUIPMENT

4. The consolidated and separate financial statements of Mpumalanga Regional Training Trust were misstated as the entity did not measure all items of property, plant, and equipment in accordance with GRAP 17, Property, plant, and equipment. The revised useful lives of certain assets were not calculated in accordance with the entity methodology taking into account the condition of the assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant, and equipment, stated at R110,34 million (2022-23: R87,0 million), R119,7 million (2022-23: R96,4 million) and the depreciation stated at R6,4 million (2022-23 R6,2 million), R6,5 million (2022-23: R6,5 million) in note 5 to the separate and consolidated financial statements respectively, as it was impracticable to do so.
5. Furthermore, not all additions to the building and other fixed structures were recorded in separate financial statements of Mpumalanga Regional Training Trust in accordance with GRAP 17, Property, plant, and equipment. Donations received in the previous year were not recorded at the date of acquisition. Consequently, the corresponding figure of revenue from non-exchange transactions as presented on the Statement of financial performance and buildings and other fixed structures disclosed on note 5 to the separate and consolidated financial statements respectively is understated by R6,5 million.

SEGMENT INFORMATION

6. The consolidated and separate financial statements of Mpumalanga Regional Training Trust were misstated as the segment information was not correctly prepared and disclosed as required of GRAP 18, Segment information. This was due to multiple errors in allocating amounts to segments. I was not able to determine the full extent of the errors in the segment information, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the segment information as disclosed in note 28 to separate and consolidated financial statement.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

7. The financial statements of Mpumalanga Innovation and Skills Hub were materiality misstated as I was unable to obtain sufficient appropriate audit evidence on receivables from non- exchange transactions, as I was not provided with adequate supporting evidence for the opening balance. I was unable to confirm the balance of receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the receivables from non-exchange transactions stated at R0,82 million (2022-23: R Nil) in note 8 to the consolidated financial statements.

IRREGULAR EXPENDITURE

8. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the irregular expenditure incurred during the current and prior financial year under audit and the related information on irregular expenditure was not included in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. Expenditure in both financial years was incurred without an approved budget, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

PRIOR PERIOD ERRORS

9. The consolidated and separate financial statements of Mpumalanga Regional Training Trust were misstated as the prior period errors were not correctly disclosed as required of GRAP 3, Accounting policies, changes in accounting estimates and errors. The prior period error note 30 did not include the disclosure of the group and company information. I have not included the omitted information to consolidated financial statements in this auditor's report as it was impracticable to do so.

CONTEXT FOR OPINION

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
11. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

14. I draw attention on note 29 to the consolidated and separate financial statement of Mpumalanga Regional Training Trust which indicates that as at 31 March 2024, the public entity had an accumulated deficit of R13,1 million and that the public entity's current liabilities exceed its current assets by R11,9 million. As stated in note 29, these events or conditions, along with other matters as stated in note 29, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS – TRADE AND OTHER RECEIVABLES

16. As disclosed in note 8 to the consolidated and separate financial statement of Mpumalanga Regional Training Trust, a material impairment of R15,5 million (2022-23: R14,1 million) were incurred as a result of the impairment provision of the receivables from exchange transactions.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 116, forms part of our auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

22. I selected the following material performance indicators related to technical training operations and hospitality and tourism academy programmes presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - POI 101: Number of learners to receive training in SAQA-registered learning programmes in culinary studies
    - POI 102: Number of learners to receive training in SAQA-registered learning programmes in hospitality studies
    - POI 103: Number of learners to receive customised training
    - POI 104: Number of learners receiving coaching and mentoring in the workplace
    - POI 105: Number of learners receiving coaching and mentoring in the workplace (culinary)
    - POI 106: Number of learners receiving coaching and mentoring in the workplace (hospitality studies)
    - POI 201: Number of learners to receive accredited or customised institutional training and continuing
    - POI 202: Number of candidates on RPL and trade testing
    - POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development
    - POI 204: Number of learners targeted for workplace opportunities and incubation programme
    - POI 205: Number of learners receiving accredited training through skills programmes
    - POI 206: Number of learners receiving workplace training through secured projects.

23. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported [and for the reasons provided for any over- or underachievement of targets.

25. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

26. I did not identify any material findings on the reported performance information for the selected indicators.

OTHER MATTERS

27. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

28. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.

29. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 22 to 33.

TECHNICAL TRAINING OPERATIONS

Targets achieved: 89,2%

Budget spent: Not indicated for each programme.

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development	120 learners	107 learners

MATERIAL MISSTATEMENTS

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

31. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
32. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

35. The consolidated and separate financial statements for Mpumalanga Regional Training Trust Group submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the consolidated and separate financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

36. Expenditure was incurred without an approved budget, in contravention of section 53(4) of the PFMA.
37. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the non-compliance with supply chain management processes.

REVENUE MANAGEMENT

38. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

CONSEQUENCES MANAGEMENT

39. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

PROCUREMENT AND CONTRACT MANAGEMENT

40. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.
41. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and Par 7.2 of NTI 03 of 2021/22.

OTHER INFORMATION IN THE ANNUAL REPORT

42. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the consolidated and separate financial statement and the auditor's report.
43. My opinion on the consolidated and separate financial statements and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
44. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, if I conclude that there are misstatements contained therein,

I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and issue amended report as appropriate. If the other information is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

46. I considered internal control relevant to my audit of the consolidated and separate financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
47. The matters reported below are limited to the significant internal control deficiencies that resulted in the qualified opinion and the material findings on compliance with legislation included in this report.
48. The accounting authority and management did not ensure that consolidated and separate financial statements were not adequately and effectively reviewed.
49. Management did not ensure that the root causes of findings raised in the prior year were not timely and adequately addressed by the audit action plan.
50. Management did not ensure that daily and monthly processing of transactions was not adequately monitored leading to misstatements, i.e. reclassification misstatements identified.
51. Management did not keep proper and accurate records of the public entity that is readily available upon request.
52. Management did not do adequately work in developing estimates for useful lives of assets resulting in the inaccuracy estimates used in the preparation of the annual financial statements.
53. There were ineffective controls over approvals and implementation of policies and procedures that lead to some of the misstatements.
54. Management did not ensure that the public entity complies with all its applicable laws and regulations applicable to it.

MATERIAL IRREGULARITIES

55. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS MADE ON COVID-19 PROCUREMENT

56. The accounting authority did not ensure that the public entity complies with PFMA section 51(1)

(a) (i) which states that an accounting authority for a public entity must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

57. The accounting authority did not ensure that the public entity maintained an effective and efficient system of internal control as the requirement of paragraph 3.1 of the National Treasury Instruction No. 5 of 2021: Emergency procurement in response to a national state of disaster were not implemented by the entity. I identified a material irregularity during the previous year's audit and notified the accounting authority on 15 December 2021 as a result of overpayments made in 2020-21 financial year to various service providers for the procurement of covid-19 related supplies by the public entity. The overpayments are likely to result in a material financial loss for the public entity if the money is not recovered.
58. The accounting authority conducted an investigation into the material irregularity during the 2023-24 financial year.
59. I determined that the accounting authority is not taking appropriate action to resolve the MI. I am in the process of making a decision on further actions to be taken.

Auditor-General

Mbombela

30 August 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its consolidated and separate subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

LEGISLATION	SECTIONS OR REGULATIONS
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2 and 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

MPUMALANGA REGIONAL TRAINING TRUST CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Skills Development
DIRECTORS	• PP Maoko • TR Mokgoshi • B Sibanyoni • MI Tibane • BM Singwane – Resigned August 2023 • HH Nkanyane • LM Motshwane • L Moyane – Head of Department of Education • CD Maebela – Acting Chief Executive Officer (ex- officio)
REGISTERED OFFICE	Corridor Crescent Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
BUSINESS ADDRESS	Corridor Crescent Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER	013 656 0875
FAX NUMBER	013 656 0632
BANKERS	Standard Bank of South Africa
EXTERNAL AUDITORS	Auditor - General South Africa
INTERNAL AUDITORS	Samba Solutions
SECRETARY	NK Mametja
COMPANY REGISTRATION NUMBER	1993/006132/08

MRTT

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor is engaged to express an independent opinion on the Annual Financial Statements and given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, which the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

The external auditor is responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditor and their report is presented on page 111.

The Annual Financial Statements set out on pages 122 to 163, which have been prepared on the going concern basis, were approved by the accounting authority on 30 May 2024 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
Date: 30 May 2024

CD Maebela
Acting Chief Executive Officer - *ex-officio*
Date: 30 May 2024

REPORT OF THE ACCOUNTING AUTHORITY

The accounting authority has pleasure in presenting its report for the year ended 31 March 2024.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS OF THE CONSOLIDATED AFS (MRTT AND MISH)

The company is engaged in skills development and operates principally in South Africa - Mpumalanga Province

The operating results and state of affairs of the company are fully set out in the attached financial statements.

Surplus 2023:	R6 899 713
Deficit 2024:	R2 886 505

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

3. POST BALANCE SHEET EVENTS

The Board of Directors have taken a decision on the 3rd of September 2020 to cease operations at The Royal Hotel which is a subsidiary of MRTT and commence with the statutory processes that are dictated by the laws and regulations that govern such an action. Accordingly, the liquidation process is ongoing as the reporting date.

4. DIRECTORS' INTEREST IN CONTRACTS

Directors do not currently have any interest in the contractual dealings of the company.

5. DIRECTORS

The directors of the company during the year are as follows:

- Mr. PP Maoko
- Mr. TR Mokgoshi
- Mr. B Sibanyoni
- Mr. MI Tibane
- Mr. BM Singwane – Resigned August 2023
- Mr. HH Nkanyane
- Ms. LM Motshwane
- CD Maebela - Acting Chief Executive Officer - *ex- officio*
- LH Moyane - Head Official :Provincial Department of Education - *ex-officio*

6. SECRETARY

The secretary of the company during the year was NK Mametja.

Business address	Corridor Crescent Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
Postal address	Private Bag X7288 Emalahleni 1035

7. AUDITORS

The Auditor-General South Africa audits the financial statements in accordance with Section 4(3) of the Public Audit Act, Act No. 25 of 2004.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note(s)	R	R	R	R
REVENUE					
Revenue from non-exchange transactions	1	85 960 089	91 067 553	78 960 089	77 538 000
Revenue from exchange transactions	2	32 937 702	34 528 883	32 937 702	34 528 883
Other Income	3	-	100	0	100
Total revenue		**118 897 791**	**125 596 536**	**111 897 791**	**112 066 983**
EXPENSES	4				
Personnel	4.1	60 231 004	53 511 495	59 998 415	53 423 362
Administrative	4.2	13 955 522	13 212 825	13 955 522	13 212 825
Other operating expenses	4.3	39 661 503	46 074 352	38 312 062	41 323 646
Depreciation and amortisation expense	5&6	6 597 335	6 555 870	6 526 814	6 526 775
Impairment loss/ Reversal of impairments		-	242 327	0	242 327
Debt impairment		1 338 932	(900 046)	1 338 932	(900 046)
Total expenses		**121 784 296**	**118 696 823**	**120 131 745**	**113 828 889**
Surplus / (Deficit) for the period		**(2 886 505)**	**6 899 713**	**(8 233 954)**	**(1 761 906)**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		GROUP		COMPANY	
		2024	2023 Restated	2024	2023 Restated
	Note(s)	R	R	R	R
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	119 665 050	96 441 131	110 298 114	87 003 673
Intangible assets	6	66 420	151 631	66 420	151 631
Investment in Subsidiary		100	100	100	100
		119 731 570	**96 592 862**	**110 364 634**	**87 155 404**
CURRENT ASSETS					
Cash and cash equivalents	7	8 333 473	8 536 009	8 333 473	8 536 009
Property plant and equipment (Liquidation)		0	0	0	0
Receivables from non exchange transactions	8	822 000	0	822 000	
Receivables from exchange transactions		5 852 038	9 919 115	5 852 038	9 898 964
Inventories	10	267 935	248 642	267 935	248 642
		15 275 446	**18 703 766**	**15 275 446**	**18 683 615**
TOTAL ASSETS		**135 007 016**	**115 296 628**	**125 640 080**	**105 839 019**
LIABILITIES					
CURRENT LIABILITIES					
Payables from exchange transactions	11	5 881 480	11 564 783	21 825 682	22 093 625
Operating lease liability		0			
Provisions	12	5 327 080	5 216 675	5 327 080	5 216 675
Total Liabilities		**11 208 560**	**16 781 458**	**27 152 762**	**27 310 300**
NET ASSETS					
Accumulated surplus		12 197 483	11 687 520	-13 113 655	-8 298 931
Reserves	27	111 600 973	86 827 650	111 600 973	86 827 650
		123 798 456	**98 515 170**	**98 487 318**	**78 528 719**
Total liabilities and reserves		**135 007 016**	**115 296 628**	**125 640 080**	**105 839 019**

GROUP STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

GROUP

	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 01 April 2022	**90 224 108**	**-92 108**	**90 132 000**
Changes in net assets			
Surplus/(Deficit) for the year	0	6 899 713	6 899 713
Realisation of revaluation reserve	-3 396 458	3 396 458	0
Total changes	-3 396 458	10 296 171	6 899 713
Opening balance as previously reported	**86 827 650**	**7 156 990**	**97 031 713**
Adjustments			
Prior year adjustments	0	4 530 382	4 530 383
Balance as at 01 April 2023	**86 827 650**	**11 687 372**	**101 562 096**
Changes in net assets			
Fair vallue gains: Land and buildings	28 169 782	0	28 169 782
Realisation of revaluation surplus	-3 396 459	3 396 459	0
Net income (losses) recognised directly in net ass	24 773 323	3 396 459	28 169 782
Surplus/(Deficit) for the year	0	-2 886 505	-2 886 504
Total recognised income and expenses for the ye	24 773 323	509 954	25 283 278
Total changes	24 773 323	509 954	25 283 278
Balance as at 31 March 2024	**111 600 973**	**12 197 326**	**126 845 374**

MRTT STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

COMPANY

	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 01 April 2022	**90 224 108**	**-11 394 177**	**78 829 931**
Changes in net assets			
Surplus/(Deficit) for the year	0	-1 761 906	-1 761 906
Realisation of revaluation reserve	-3 396 458	3 396 458	0
Total changes	-3 396 458	1 634 552	-1 761 906
Opening balance as previously reported	**86 827 650**	**-9 759 625**	**77 068 025**
Adjustments			
Prior year adjustments	0	1 483 308	1 483 308
Balance as at 01 April 2023	**86 827 650**	**-8 276 317**	**78 551 333**
Changes in net assets			
Fair vallue gains: Land and buildings	28 169 782	0	28 169 782
Realisation of revaluation surplus	-3 396 459	3 396 459	0
Net income (losses) recognised directly in net ass	24 773 323	3 396 459	28 169 782
Surplus/(Deficit) for the year	0	-8 233 954	-8 233 954
Total recognised income and expenses for the ye	24 773 323	-4 837 495	19 935 828
Total changes	24 773 323	-4 837 495	19 935 828
Balance as at 31 March 2024	**111 600 973**	**-13 113 812**	**98 487 161**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note(s)	R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM STAKEHOLDERS					
Cash receipts from government entities (Transfers)		85 371 000	89 701 000	78 371 000	77 538 000
Cash receipts from own generated income		19 096 060	31 869 682	33 876 074	28 610 929
Interest received		-	-	504 485	237 664
Other cash items		-	-	-	-
CASH PAID TO STAKEHOLDERS					
Personnel and Suppliers		(113 526 883)	(97 641 109)	(111 793 810)	(102 199 774)
Net cash flows from operating activities	13	**(9 059 823)**	**23 929 573**	**957 749**	**4 186 819**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(1 714 695)	(293 713)	(1 714 695)	(293 713)
Proceeds from disposal of fixed assest		-	-	-	-
Net cash flows from investing activities		**(1 714 695)**	**(293 713)**	**(1 714 695)**	**(293 713)**
CASHFLOWS FROM FINANCING ACTIVITIES					
MOVEMENT OF INTERCOMPANY ACCOUNT - MRTT					
NET CASH FLOW FROM FINANCING ACTIVITIES					
Net increase / (decrease) in cash and cash equivalents		**(497 965)**	**4 068 539**	**(202 536)**	**3 907 163**
Cash and cash equivalents at beginning of the year	7	8 831 438	4 762 899	8 536 009	4 628 846
Cash and cash equivalents at end of period	7	**8 333 473**	**8 831 438**	**8 333 473**	**8 536 009**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note(s)
RECEIPTS				
Transfers from other government entities	78 371 000	78 960 089	589 089	25.1
Revenue from exchange tranactions	32 869 902	32 937 700	67 798	25.2
Total receipts	**111 240 902**	**111 897 789**	**656 887**	
PAYMENTS				
Personnel	63 945 350	59 998 415	3 946 935	25.3
Goods and services	44 799 490	60 133 330	(15 333 840)	25.4
Capital Expenditure	2 496 062	1 714 695	781 367	25.5
Total payments	**111 240 902**	**121 846 440**	**(10 605 538)**	
NET RECEIPTS	-	**(9 948 651)**	**(9 948 651)**	

RECONCILIATION

Basis difference	
Depreciation and amortisation	6 526 814
Provisions	752 403
Debt impairment	1 338 932
Actual Amount in the Statement of Financial Performance excluding the non-cash items	**1 330 502**

*The above statement relates to both the group and the company as there are no figures from the subsidiary.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024

1. BASIS OF PREPARATION

1.1 BASIS FOR MEASUREMENT

The financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.2 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in South African Rands, which is the Mpumalanga Regional Training Trust's functional currency. All financial information presented in rends has been rounded to the nearest rand, unless otherwise stated.

1.3 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is given in the following notes:

IMPAIRMENT OF DEBTORS

Impairment is recognised for estimated losses on individually significant trade receivables and on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables as a result of one or more events that occurred during the reporting year. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired.

FAIR VALUE ESTIMATES

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

An allowance for stock is made to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items.

PROPERTY, PLANT AND EQUIPMENT

Property, vehicles, plant and equipment is depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

INTANGIBLE ASSETS

Intangible assets are amortised over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Mpumalanga Regional Training Trust assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Mpumalanga Regional Training Trust estimates the recoverable amount of the asset.

PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

A provision is a liability of uncertain timing or amount. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note for Provisions.

1.4 GOING CONCERN

These financial statements are prepared in accordance with the going concern principle. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.5 ACCRUAL BASIS OF ACCOUNTING

These financial statements are prepared in accordance with the accrual basis where transactions, other events and conditions are recognised when they occur and are recognised in the period to which they relate and not only recognised when cash is paid or received.

2. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

RECOGNITION

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

All "regular way" purchases and sales of financial liabilities are recognised using trade date accounting.

MEASUREMENT

FINANCIAL ASSETS

Financial assets are initially measured at their cost; which is the fair value of the consideration given, plus the transaction costs, except in the case of financial assets carried at fair value through profit or loss where transaction costs are immediately expensed.

2.1. RECEIVABLES FROM NON-EXCHANGE TRANSACTION

Accounts receivables are stated at amortised cost using the effective interest rate method reduced by appropriate allowances for impairment. Accounts receivables are financial assets that have fixed or determinable payments and are not quoted in an active market.

2.2 IMPAIRMENT OF RECEIVABLES

Impairment is recognised for estimated losses on individually significant trade receivables and on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables as a result of one or more events that occurred during the reporting year. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired.

For customers who have defaulted, management makes judgments based on an assessment of their ability to make payments based on credit worthiness and historical write-off experience. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment.

2.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by MRTT unless otherwise stated. All financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisations.

2.4 FINANCIAL LIABILITIES

MRTT's principle financial liabilities are accounts payable.

PAYABLES FROM EXCHANGE TRANSACTIONS

Accounts and other payables are stated at their nominal value.

Short-term payables with no interest rate are measured at the original invoice amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days.

DE-RECOGNITION

MRTT derecognises a financial asset (or where applicable part thereof) only when:

- the right to receive cash flows from the asset have expired;
- MRTT retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- MRTT has transferred its rights to receive cash flows from the asset and either
  I. has transferred substantially all the risks and rewards of the asset or
  II. Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de- recognition of the original liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit for the year.

OFFSET OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position only when MRTT has a legally enforceable right to set off recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES:

It is the policy MRTT to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

CREDIT RISK

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified.

LIQUIDITY RISK

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Sufficient cash is maintained to manage MRTT's liquidity risk.

INTEREST RISK

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuates because of changes in market interest rates. Management has assessed the impact of interest rate risk on the operations of the entity and considers the risk to be negligible.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the entities income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

2.5. REVENUE

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the MRTT and the revenue can be reliable measured. The following specific recognition criteria must also be met before revenue is recognised.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

SERVICES IN-KIND

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

Revenue from non-exchange transactions constitutes transfer payments from the Department of Education of Mpumalanga.

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from the rendering of services is recognised upon performance of services and when services are consumed by the customer.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

INTEREST, ROYALTIES AND DIVIDENDS

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

2.6 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide postemployment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

POST-EMPLOYMENT BENEFITS

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

2.7 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficit.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised however the contingencies are disclosed in note . The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

2.8 INTEREST INCOME

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the nominal rate over the period to maturity when it is determined that such income will accrue to the Mpumalanga Regional Training Trust. Rental income is recognised on a straight line over the term of the lease.

2.9 OTHER INCOME

Other income is recognised when it is probable that future economic benefits will flow to MRTT and is measured at their fair-value of the consideration received or receivable.

2.10 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act.

Irregular, fruitless and wasteful expenditure that has been condoned or will not be recovered from employees will be included in the Statement of Financial Performance, and where the expense is recoverable from the employee, the necessary debtor is created.

2.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of Land and Buildings, domestic equipment, computer equipment, furniture and fittings, office equipment and motor vehicles and are stated at historical costs less accumulated depreciation.

RECOGNITION

The cost of an item of property, plant and equipment is be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and

(b) the cost or fair value of the item can be measured reliably

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment and depreciated accordingly.

MEASUREMENT AT RECOGNITION

An item of property, plant and equipment that qualifies for recognition as an asset is be measured at its cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

REPAIRS AND MAINTENANCE

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

SUBSEQUENT EXPENDITURES

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits or service potential associated with the item will flow to MRTT and the cost of the item can be measured reliably.

DEPRECIATION

Depreciation is charged against the assets on a straight line basis so as to fully depreciate the asset to its net residual at the end of its useful live, from the date available for use.

The assets bought specifically for a project and intended for donation at the end of the project's life are depreciated over the life of the contract as the residual value at that point will be nil.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if necessary, at each financial year-end.

Depreciation on movable assets is charged to the Statement of financial performance.

Useful lives

The following are the estimated useful lives of the different categories of assets and which are depreciated on the straight-line method over the following periods:

Machinery and equipment	10 - 30 years
Motor vehicles	15 years
Office equipment	20 - 30 years
Office furniture	20 - 30 years
Domestic equipment	20 - 30 years
Computer equipment	10 - 20 years

The useful lives and residual values of property, plant and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information.

DE-RECOGNITION

The carrying amount of an item of property, plant and equipment is de-recognized:

On disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. Gains are not be classified as revenue.

IMMOVABLE ASSETS

Items of land and buildings are stated at revalued amounts, less accumulated depreciation on buildings and accumul impairment losses. Additions to items of land and buildings are recorded at cost.

Cost comprises of all expenditure directly attributable to bringing the asset to its condition necessary for it to be capabl of operating in the manner intended by management.

Revaluations are done every five years such that the carrying amount does not differ materially from that which would be determined using fair value. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained

earnings when the asset is derecognised. Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus.

Land is not depreciated. Depreciation on the buildings is calculated on a straight line basis over the expected useful lives of each major component of buildings assets. Depreciation on buildings is charged to the Statement of Financial Performance.

USEFUL LIFE

Buildings	20 years

2.12. INTANGIBLE ASSETS

INITIAL RECOGNITION

Intangible asset is recognised if, and only if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and the cost or fair value of the asset can be measured reliably.

Intangible assets consist of computer software. Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Purchased computer software and the direct costs associated with the customisation and installation thereof, are capitalised and amortised over estimated useful lives of the assets from the date that they are available for use.

MEASUREMENT

Intangible assets are initially recognised at cost

SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands is recognised in surplus/ (loss) as incurred.

AMORTISATION

Each item is amortised over its useful life once it is available for use. Amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values, and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

USEFUL LIVES

Intangible assets are amortised over the following periods, considered to be their estimated useful lives: Computer software 3 - 6 years

DE-RECOGNITION

The carrying amount of intangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds with the carrying amounts.

2.13. INVENTORY

RECOGNITION

Inventories is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably.

MEASUREMENT

Inventories that qualify for recognition as assets are initially measured at cost.

Where inventories are acquired at no cost, or for nominal consideration, their costs is their fair value as at the date of acquisition.

MEASUREMENT AFTER RECOGNITION

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for: distribution at no charge or for a nominal charge, or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

RECOGNITION AS AN EXPENSE

When inventories are sold, exchanged or distributed the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost is determined using the fair value method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Any write down of inventory to net realisable value is recognised immediately in the Statement of Financial Performance as an expense.

2.14. IMPAIRMENT OF NON-MONETARY ASSETS

At each reporting date, MRTT reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard. Losses and reversals of impairment losses are separately disclosed in the income statement.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of the cash generating unit exceeds its recoverable amount.

A previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.

Revalued assets reversal of impairment is done through the revaluation surplus / reserve

2.15. PROVISIONS

RECOGNITION

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MEASUREMENT

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

2.16. LEASED ASSETS

OPERATING LEASES

Leases that MRTT enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are expensed on a straight-line basis over the term of the lease.

2.17 RELATED PARTY TRANSACTIONS

The Mpumalanga Regional Training Trust constitutes part of the provincial government in terms of the Public Finance Management Act (Act no. 1 of 1999).

In terms of IPSA 20 Related party means parties are considered to be related if one party has the ability to:

(a) control the other party, or

(b) Exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. Related parties include:

- (a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the reporting entity;
- (b) Associates (see IPSAS 7, "Investments in Associates");
- (c) Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- (d) Key management personnel, and close members of the family of key management personnel; and
- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The following are deemed not to be related: [IPSAS .12]

- In the context of this Standard, the following are deemed not to be related
- parties:
- (a) (I) Providers of finance in the course of their business in that
- regard; and
- (ii) Trade unions;
- in the course of their normal dealings with an entity by virtue only
- of those dealings (although they may circumscribe the freedom of
- action of an entity or participate in its decision-making process); and

2.18. INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities, including unincorporated partnerships and companies without a share capital that are controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated Annual Financial Statements incorporate the assets, liabilities, income, expenses and cash flows of the Corporation and its subsidiaries. The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. Inter-company transactions and balances are eliminated on consolidation.

COMPANY ANNUAL FINANCIAL STATEMENTS

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably

2.19. PRIOR PERIOD ERRORS

Prior period errors are omissions from and misstatements in the financial statements for one or more prior periods arising from failure to use/misuse of reliable information that was available when the financial statements for that period were issued, and could not have been reasonably expected to be taken into account in those financial statements.

Corrections of all errors will be made retrospectively as follows:

Restatement of comparative amounts for prior periods in which error occurred or if the error occurred before that date, restate opening balance of assets, liabilities and net assets for earliest period presented.

Where it is impractical to determine the period specific effects of the error, opening balances for the Earliest period practicable will be restated.

2.20 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

MEASUREMENT

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

2.21 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2023 to 31/03/2024.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

2.22 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REVENUE FROM NON EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2024 R	2023 R	2024 R	2023 R
Transfers from provincial government	85 371 000	89 701 000	78 371 000	77 538 000
Donations from non-exchange transactions (Donations income)	-	1 366 553	-	-
Services in Kind	589 089	-	589 089	-
	85 960 089	**91 067 553**	**78 960 089**	**77 538 000**

The donations from non-exchange transactions (Donations income) is a dontaion of assets to the subsidiary MISH. The assets comprises of computer equipmement, office furniture

2. REVENUE FROM EXCHANGE TRANSACTIONS

Rendering of services	32 433 217	34 291 219	32 433 217	34 291 219
Interest received	504 485	237 664	504 485	237 664
Bad debts recovered	-	100	-	100
Services in kind	589 089		589 089	
	33 526 791	**34 528 983**	**33 526 791**	**34 528 983**

The amount included in revenue arising from exchanges of goods or services are as follows:

Project Income	25 932 619	27 058 402	25 932 619	27 058 402
Hotel Income	2 058 344	1 325 927	2 058 344	1 325 927
Tuition fees	3 481 245	4 741 579	3 481 245	4 741 579
Other Income	961 009	1 165 311	961 009	1 165 311
	32 433 217	**34 291 219**	**32 433 217**	**34 291 219**

3. OTHER REVENUE

Ba debts recovered	0	100	0	100

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

Operating and administrative expenditure includes:

4.1 PERSONNEL

Basic	44 080 236	41 199 495	43 847 647	41 139 784
Car Allowance	1 462 636	1 278 170	1 462 636	1 278 170
Leave paid	756 734	727 485	756 734	727 485
Overtime	1 159 698	851 372	1 159 698	851 372
Acting Allowance and Added responsibility	2 690 446	1 308 890	2 690 446	1 308 890
Backpay	2 764 588	1 251 012	2 764 588	1 251 012
Phone, Housing and Shift Allowances	518 700	501 419	518 700	501 419
Pension fund	2 115 121	2 122 412	2 115 121	2 122 412
Provident fund	2 801 422	2 748 195	2 801 422	2 748 195
Medical aid - company contribution	780 214	737 128	780 214	737 128
UIF - Company contribution	298 001	256 905	298 001	256 905
Skills Development Levy - Company contribution	499 959	463 430	499 959	463 430
Long Service awards	303 249	65 582	303 249	65 582
	60 231 004	**53 511 495**	**59 998 415**	**53 451 784**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE (CONTINUED)	GROUP 2024 R	GROUP 2023 R	COMPANY 2024 R	COMPANY 2023 R
INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS -				
PAYE	11 466 638	8 493 143	11 466 638	8 493 143
UIF (employee contribution)	298 002	256 905	298 002	256 905
	11 764 640	**8 750 048**	**11 764 640**	**8 750 048**
4.2 ADMINISTRATIVE				
Rates and Taxes	2 036 375	1 765 640	2 036 375	1 765 640
Communication	4 153 925	3 854 258	4 153 925	3 854 258
Insurance	809 311	117 828	809 311	117 828
Motor fleet	1 067 224	1 004 207	1 067 224	1 004 207
Lease costs	826 056	973 936	826 056	973 936
Security	3 927 450	3 694 452	3 927 450	3 694 452
Rent	0	746 566	0	746 566
Printing and stationary	632 170	92 833	632 170	92 833
Repairs and maintaince	139 029	27 944	139 029	27 944
Other Admin Expenses	363 982	935 161	363 982	935 161
	13 955 522	**13 212 825**	**13 955 522**	**13 212 825**
4.3 OTHER OPERATING EXPENSES				
Auditors remuneration	7 791 410	14 597 032	6 447 009	9 848 065
Bank charges	280 044	343 715	280 044	343 715
Professional fees	1 585 715	764 247	1 585 715	764 247
Food and Beverage	703 019	473 753	703 019	473 753
Accommodation	684 261	283 340	684 261	283 340
Skills development training	157 253	144 968	157 253	144 968
Marketing	167 973	84 737	167 973	84 737
Pest control	34 830	14 748	34 830	14 748
Work placement	260 235	138 210	260 235	138 210
Printing and stationery	1 212 570	1 081 216	1 212 570	1 081 216
Learner Protective clothing	680 710	414 325	680 710	414 325
Training Material	6 843 973	9 519 988	6 843 973	9 519 988
Subsistence and Travel	2 520 965	2 503 226	2 520 965	2 503 226
Hotel Rates, water and electricity	1 116 857	916 401	1 116 857	916 401
Stipends	3 270 734	3 805 052	3 270 734	3 805 052
Staff Appointment and recruitment	364 292	143 362	364 292	143 362
Learner Toolboxes	4 892	302 283	4 892	302 283
Production - Construction	2 956 854	2 948 512	2 956 854	2 948 512
Training Centres and Hotel repairs and maintenance	489 316	525 614	489 316	525 614
Directors expenses	5 166 775	4 283 167	5 166 775	4 283 167
Hotel Security	1 074 299	995 072	1 074 299	995 072
Hotel operating expenses	1 723 008	1 374 265	1 723 008	1 374 265
Training centre operating expenses	9 935	27 084	9 935	27 084
Corporate services operating expenses	556 543	382 642	556 543	382 642
	39 656 463	**46 066 959**	**38 312 062**	**41 317 992**

5. PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2024 OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	165 888 644	(57 581 644)	108 307 000
Machinery and equipment	5 566 965	(1 735 588)	3 831 377
Motor vehicles	2 845 443	(1 727 788)	1 117 655
Office equipment	629 121	(259 524)	369 597
Office furniture	5 509 102	(2 413 614)	3 095 488
Domestic equipment	1 540 245	(519 357)	1 020 888
Computer equipment	2 864 476	(941 431)	1 923 045
TOTAL	**184 843 996**	**(65 178 946)**	**119 665 050**

31 MARCH 2023 OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	137 718 862	(52 005 482)	85 713 380
Machinery and equipment	4 557 181	(1 493 643)	3 063 538
Motor vehicles	2 845 443	(1 538 092)	1 307 351
Office equipment	575 202	(238 185)	337 017
Office furniture	5 460 413	(2 219 601)	3 240 812
Domestic equipment	1 284 294	(454 888)	829 406
Computer equipment	2 739 174	(789 547)	1 949 627
TOTAL	**155 180 569**	**(58 739 438)**	**96 441 131**

The land and buildings were revalued as at 31 March 2024 by an independent appraiser registered as a Professional Associated Valuer with the South African Council for the Property Valuers Profession. The next revaluation will be performed by the entity for during the year that will end 31 March 2029. Land and buildings are re-valued every 5 years.

The fair values were determined directly by reference to observable prices and an active market or recent market transactions on arms length terms.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	GROUP		COMPANY	
	2024 R	2023 R	2024 R	2023 R
Repairs and Maintenance	622 903	-	553 558	-

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

5.1 MOVEMENT MARCH 2023 FINANCIAL YEAR

OWNED ASSETS	1 April 2023 Carrying Value R	Additions R	Additions through donations R	Disposals R	Depreciation R	31 March 2024 Carrying Value R
Land and buildings	85 713 380	-	28 169 782		(5 576 162)	108 307 000
Machinery and equipment	3 063 537	1 009 785			(241 944)	3 831 378
Motor vehicles	1 307 351	-			(189 696)	1 117 655
Office equipment	337 014	61 019		(2 349)	(26 090)	369 594
Office furniture	3 240 812	48 689	-		(194 014)	3 095 487
Domestic equipment	829 407	255 950			(64 469)	1 020 888
Computer equipment	1 949 627	339 252		(146 083)	(219 750)	1 923 046
TOTAL	**96 441 128**	**1 714 695**	**28 169 782**	**(148 432)**	**(6 512 125)**	**119 665 048**

OWNED ASSETS	1 April 2022 Carrying Value R	Additions R	Additions through donations R	Disposals R	Depreciation R	31 March 2023 Carrying Value R
Land and buildings	91 289 346	-		-	(5 575 966)	85 713 380
Machinery and equipment	3 240 587	187 562		(132 117)	(232 495)	3 063 537
Motor vehicles	1 551 458	-		(36 697)	(207 410)	1 307 351
Office equipment	355 297	9 893		(3 102)	(25 071)	337 017
Office furniture	2 778 988	637 041	31 702	(24 182)	(182 737)	3 240 812
Domestic equipment	888 969	-		(1 265)	(58 297)	829 407
Computer equipment	1 357 505	825 770		(44 964)	(188 684)	1 949 627
TOTAL	**101 462 150**	**1 660 266**	**31 702**	**(242 327)**	**(6 470 660)**	**96 441 131**

31 MARCH 2024

OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	157 788 644	(57 581 644)	100 207 000
Machinery and equipment	5 433 965	(1 728 058)	3 705 907
Motor vehicles	2 845 443	(1 727 788)	1 117 655
Office equipment	621 185	(259 075)	362 110
Office furniture	4 873 557	(2 377 640)	2 495 917
Domestic equipment	1 540 245	(519 357)	1 020 888
Computer equipment	2 274 404	(885 767)	1 388 637
TOTAL	**175 377 443**	**(65 079 329)**	**110 298 114**

31 MARCH 2023

OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	129 618 862	(52 005 482)	77 613 380
Machinery and equipment	4 424 181	(1 491 444)	2 932 737
Motor vehicles	2 845 443	(1 538 092)	1 307 351
Office equipment	567 266	(238 054)	329 212
Office furniture	4 824 868	(2 209 094)	2 615 774
Domestic equipment	1 284 294	(454 888)	829 406
Computer equipment	2 149 102	(773 289)	1 375 813
TOTAL	**145 714 016**	**(58 710 343)**	**87 003 673**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILLIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	Opening balance R	Additions R	Disposals R	Revaluations R	Depreciation R	Total R
Buildings	77 613 380	-	-	28 169 782	(5 576 162)	100 207 000
Machinery and equipment	2 932 736	1 009 785	-	-	(236 614)	3 705 907
Office furniture	2 615 774	48 689	-	-	(168 547)	2 495 916
Motor vehicles	1 307 351	-	-	-	(189 696)	1 117 655
Office equipment	329 212	61 019	(2 349)	-	(25 772)	362 110
Computer equipment	1 375 813	339 252	(145 083)	-	(180 344)	1 388 638
Domestic equipment	829 407	255 950	-	-	(64 469)	1 020 888
TOTAL	**87 003 673**	**1 714 695**	**(148 432)**	**28 169 782**	**(6 441 604)**	**110 298 114**

RECONCILLIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

	Opening balance R	Additions R	Additions through donations R	Impairment loss R	Depreciation R	Total R
Land and buildings	83 189 346	-	-	-	(5 575 966)	77 613 380
Machinery and equipment	3 240 587	54 562	-	(132 117)	(230 286)	2 932 736
Office furniture	2 778 988	1 496	31 702	(24 182)	(172 230)	2 615 774
Motor vehicles	1 551 458	-	-	(36 697)	(207 410)	1 307 351
Office equipment	355 297	1 957	-	(3 102)	(24 940)	329 212
Computer equipment	1 357 505	235 698	-	(44 964)	(172 426)	1 375 813
Domestic equipment	888 969	-	-	(1 265)	(58 297)	829 407
TOTAL	**93 362 150**	**293 713**	**31 702**	**(242 327)**	**(6 441 565)**	**87 003 673**

6. INTANGIBLE ASSETS

	31 March 2024			31 March 2023		
	Cost R	Accumulated Amortisation R	Net Book Value R	Cost R	Accumulated Amortisation R	Net Book Value R
Computer software	492 311	(425 891)	66 420	492 311	(340 680)	151 631

	2024			2023		
RECONCILLIATION OF INTAGIBLE ASSET	Carrying Value R	Amortisation for the year R	Net Book Value R	Carrying Value R	Amortisation for the year R	Net Book Value R
Computer software	151 630	(85 210)	66 420	236 841	(85 211)	151 631

	GROUP		COMPANY	
	2024 R	2023 R	2024 R	2023 R

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with the bank. Cash and cash equivalents included in the cash flow statement.

Cash on hand and balance in banks	8 302 928	8 404 118	8 302 928	8 404 118
Short-term investments	30 545	131	30 545	131
	8 333 473	**8 536 009**	**8 333 473**	**8 536 009**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Gross trade receivables	21 323 517	24 051 662	21 323 517	24 051 662
Bad debts written off	-	-	-	-
Allowance for impairment	(15 474 980)	(14 136 048)	(15 474 980)	(14 136 048)
	5 848 537	**9 915 614**	**5 848 537**	**9 915 614**
Prepayments	-	-	-	-
Deposits	3 500	3 500	3 500	3 500
	5 852 037	**9 919 114**	**5 852 037**	**9 919 114**

The carrying value of trade and other receivables is at their fair value due to the short term nature of these instruments.

TRADE AND OTHER RECEIVABLES PLEDGED AS ECURITY

MRTT does not have trade and other receivables pledged as security.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

MRTT as at the financial year end did not have trade and other receivables past due but not impaired

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R(15 474 980) as of 31 March 2024 (2023: R(14 136 048)). All debtors in the aging analysis as at the financial year end which is 31 March that are from 60 days are impaired at 100% as they are past due. The remaining balance of R5 197 241) is not yet due and therefore not considered for impairment.

AEING OF THESE RECEIVABLES IS AS FOLLOWS:

3 to 6 months	1 371 542	-	5 710 370	-
Over 6 months	14 111 134	-	8 435 678	-

RECONCILLIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	14 136 048	-	16 345 546	-
Provision fornimpairment	1 338 032	-	(2 209 498)	-
	15 474 980	**-**	**14 136 048**	**-**

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions	822 000	-	822 000	-

10. INVENTORIES

Consumables	267 935	248 642	267 935	248 642
Carrying value of inventories carried at fair value less costs to sell	267 935	248 642	267 935	248 642

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2 936 359	6 012 208	18 880 561	16 538 439
Accruals	491 743	3 078 537	491 743	3 078 537
Income received in advance	2 453 378	2 474 038	2 453 378	2 474 038
	5 881 480	**11 564 783**	**21 825 682**	**22 091 014**

The Trade payables amount disclosed in Note 12 includes amounts that are owed to the subsidiary (Mpumalanga Innovation and Skills Hub).

The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust.

The balance in the current year is	R15 944 201
The balance in the prior year is	R10 526 231

12. PROVISIONS

Balance at the beginning of the year	5 216 675	5 460 361	5 216 675	5 460 361
Provision utilised	(641 998)	(551 361)	(641 998)	(551 361)
Provision raised in current year	752 403	307 675	752 403	307 675
Balance at the end of the year	**5 327 080**	**5 216 675**	**5 327 080**	**5 216 675**

The provision disclosed is for leave days balance as at financial year end for employees of the entity, the other provision is for performance bonus of permanent employees.

The payment of the leave days is only when the employee resigns from the employment of MRTT and is only limited to 25 days

The payment of a performance bonus is at the discretion of the Accounting Authority after the individual assessment as well as affordability by MRTT.

13. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2024 R	2023 R	2024 R	2023 R
Deficit for the year	-2 886 505	6 899 713	(8 233 954)	(1 761 906)
Adjustments for the year				
Services in Kind	0	0	(589 089)	0
Depreciation of property, plant and equipment	6 597 335	6 555 870	6 526 814	6 526 775
Revenue from donated assets	0	(31 703)	0	0
Impairment deficit	0	225 998	0	255 998
Debt Impairment	1 338 932	900 046	1 338 932	(900 046)
Movement in provisions of employee benefits	110 405	(243 686)	110 405	(243 686)
Loss on disposal				
Movements in consolidation	0	(5 463 613)	(84 469)	(45 380)
Changes in working capital				
Increase in inventories	(19 293)	105 445	(19 293)	105 445
Decrease / (Increase) in trade and other receivables	(13 337 157)	(4 166 781)	2 728 145	(4 186 931)
Impairment	0	0	0	0
Intercompany account	0	(1 309 452)	0	(1 309 452)
Prepaid expenses	0	0	0	0
Increase in trade and other payables	(267 943)	13 100 534	(265 332)	5 760 059
Cash generated by operations	**(8 464 226)**	**16 572 371**	**1 512 159**	**4 200 876**

14. AUDITORS' REMUNERATION

External audit fees	5 957 757	8 918 095	5 957 757	8 918 095
Internal audit fees	489 252	929 970	489 252	929 970
	6 447 009	**9 848 065**	**6 447 009**	**9 848 065**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS

DIRECTORS' REMUNERATION: NON EXECUTIVE MEMBERS

FEES FOR SERVICES AS BOARD MEMBERS

Mr PP Maoko - Chairperson	821 547	585 919	821 547	585 919
Mr BM Singwane - Resigned August 2023	74 329	258 528	74 329	234 966
Mr TR Mokgoshi	500 358	419 413	500 358	419 413
Mr B Sibanyoni	832 391	833 064	794 141	783 504
Mr MI Tibane	912 930	670 392	855 877	633 365
Ms LM Motshwane	527 785	459 685	527 785	459 685
Mr HH Nkanyane	799 167	672 119	717 507	638 176
Mr D Dlamini - Term commenced 1 April 2023 (Audit Committee Chairperson)	385 446	-	385 446	-
Ms N Madiba Risk Management Committee Chairperson)	181 501	-	181 501	-
Mr R Tshimomola - Term ended 31 March 2023 (Audit Committee Chairperson)	17 268	282 234	17 268	282 234
	5 052 722	**4 181 354**	**4 875 759**	**4 037 262**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS (CONTINUED)

EXECUTIVE MANAGEMENT 2024 - GROUP AND COMPANY	Basic Salary R	Short term employment benefits R	Post employment benefits R	Total R
CD Maebela Acting Chief Executive Officer (Appointed 1 September 2023) *	-	252 418	1 771	254 189
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	482 151	333 136	83 651	898 938
MG Jafta - Chief Financial Officer	1 492 143	134 545	256 553	1 883 241
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 Januay 2024)	910 819	186 925	141 763	1 239 507
G Silaule - General Manager Technical Training operations (Appointed 1 February 2024)	173 311	3 064	30 014	206 389
ZL Khoza - Acting General Manager Technical Training operations (Acting Terminated 31 January 2024)	1 112 846	248 520	192 419	1 553 785
E Mkhabela - Acting General Manager Hospitality and Tourism Academy	593 529	388 541	142 093	1 124 163
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	151 727	358 722	27 072	537 521
	4 916 526	**1 905 871**	**875 336**	**7 697 733**

EXECUTIVE MANAGEMENT - MRTT - 2023 - GROUP AND COMPANY	Basic Salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	896 046	130 197	155 760	1 182 003
MG Jafta - Chief Financial Officer	1 422 172	52 481	244 722	1 719 375
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 January 2024)	775 127	153 333	135 315	1 063 775
ZL Khoza - Acting General Manager Technical Training Operations (Acting Terminated 31 January 2024)	1 037 206	158 129	125 287	1 320 622
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	444 132	141 986	79 348	665 466
MS Makgoba Acting Chief Executive Officer (Resigned August 2022)	444 234	277 170	84 348	805 752
I Middel (Acting CEO)	-	-	-	-
	5 018 917	**913 296**	**824 780**	**6 756 993**

16. RETIREMENT BENEFITS

The employer contributes a percentage of an employee's salary to the Sanlam pension fund which is subject to the Pension Fund Act. The employer has no obligation other than to make the monthly payments and no further risk. The risk of market movements lies with the employee. The treatment is to expense the contributions in the month to which they relate.

	2024 R	2023 R
Total company contribution	6 975 604	6 907 930

17. LEASE COMMITMENTS

Operating lease payments represent rentals payable by the organisation for certain of its office properties.

FUTURE MINIMUM LEASE PAYMENTS AS AT 31 MARCH 2024	0 to 1 year R	2 to 5 years R
Future lease payments	-	-
FUTURE MINIMUM LEASE PAYMENTS AS AT 31 MARCH 2023		
Future lease payments	-	-

	GROUP		COMPANY	
18. COMMITMENTS	2024 R	2023 R	2024 R	2023 R
Commitments	4 400 968	9 574 939	4 400 968	9 574 939

Commitments represent future contractual commitments the organisation have engaged itself with other parties whereby cash outflows will be legally expected from the organisation.

19. TAXATION

The company is exempt from both Income Tax and Value Added Tax in terms of the provisions of section 10(1) (cN) of the Income Tax Act and section 24(1) of the VAT Act respectively.

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure - current year	8 971 467	27 747 843	8 971 467	27 747 843
Analysis of expenditure awaiting condonation per age classification				
Current year	8 971 467	3 668 558	8 971 467	3 668 558
Prior years	104 972 289	101 303 731	104 972 289	101 303 731

DETAILS OF IRREGULAR EXPENDITURE - CURRENT YEAR

INCIDENT	DESCRIPTION	AMOUNT
Incident 1	The irregular expenditure is due to an extension of 3 key contracts during the 2016/17 financial year. The extension of the 3 contracts by MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals and training was not disturbed.	1 124 175
Incident 2	Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016/17	3 088 940
Incident 3	Extension of contracts	1 974 057
Incident 4	Nudget overexpenditure	1 857 126
Incident 5	Minimum of 3 quotations were not obtained	801 311
Incident 6	Deviation not justified (deviation not reported to Treasury)	125 858
		8 971 467

	GROUP		COMPANY	
FRUITLESS & WASTEFUL EXPENDITURE	2024 R	2023 R	2024 R	2023 R
Fruitless & wasteful expenditure	414 817	-	414 817	-

In the current year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS.

21. RELATED PARTIES DISCLOSURES

	GROUP 2024 R	GROUP 2023 R	COMPANY 2024 R	COMPANY 2023 R
RELATED PARTY BALANCES				
INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL				
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	-	-	11 151 893	11 151 893
Impairment of the balance - 100%	-	-	-11 151 893	-11 151 893
RECEIVABLES WITH RELATED PARTIES - MPUMALANGA DEPARTMENT OF EDUCATION				
Mpumalanga Department of Education	7 558 772	9 936 575	7 558 772	9 936 575
Impairment of the balance	-992 587	-93 668	-992 587	-93 668
Payables with Related Parties				
Mpumalanga Innovation Skills Hub	-	-	15 944 201	10 548 986
RELATED PARTY TRANSACTIONS				
Transactions between Mpumalanga Department of Education and MRTT (Projects)	24 831 762	17 335 421	24 831 762	17 335 421
RECEIPTS FROM RELATED PARTIES				
Mpumalanga Department of Education - MRTT Allocation	78 371 000	77 538 000	78 371 000	77 538 000
Mpumalanga Department of Education - MISH Allocation	7 000 000	12 163 000	7 000 000	12 163 000
PAYMENTS MADE BY DEPARTMENT - SERVICES-IN-KIND PAYMENTS				
Services-in-kind payments (The Acting CEO of MRTT has been seconded from the Department of Education)	-589 089	0	-589 089	0
SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION				
Services-in-kind payments (The Acting CEO of MRTT has been seconded from the Department of Education)	589 089	0	589 089	0

21. RELATED PARTIES DISCLOSURES (CONTINUED)

BOARD OF DIRECTORS - MRTT	2024 R	2023 R
Mr. PP Maoko - Chairperson	821 547	585 919
Mr. TR Mokgoshi	500 358	419 413
Mr. BM Singwane - Resigned August 2023	74 329	258 528
Mr. B Sibanyoni	832 391	833 064
Mr. MI Tibane	912 930	670 392
Ms. LM Motshwane	527 785	459 685
Mr. HH Nkanyane	799 167	672 119
Mr. D Dlamini (Audit Committee Chairperson) *Term commenced 1 April 2023	385 446	-
Ms. N Madiba (Risk Management Committee Chairperson)	181 501	-
Mr. R Tshimomola (Audit Committee Chairperson) *Term ended 31 March 2023	17 268	282 234
	5 054 746	**4 183 377**

21. RELATED PARTIES DISCLOSURES (CONTINUED)

BOARD OF DIRECTORS - MISH

	2024 R	2023 R
Mr. HH Nkanyane	81 660	33 943
Mr. MI Tibane	57 053	37 027
Mr. B Sibanyoni	38 250	49 560
Mr. BM Singwane - Resigned August 2023	-	23 562
	176 963	**144 092**

EXECUTIVE MANAGEMENT

	2024 R	2023 R
CD Maebela Acting Chief Executive Officer (Appointed 1 September 2023) *	254 189	0
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	898 938	1 182 003
MG Jafta - CFO	1 883 241	1 719 375
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 Januay 2024)	1 239 507	1 063 775
G Silaule - General Manager Technical Training operations (Appointed 1 February 2024)	206 389	0
ZL Khoza - Acting General Manager Technical Training operations (Acting Terminated 31 January 2024)	1 553 785	1 320 622
E Mkhabela - Acting General Manager Hospitality and Tourism academy	1 124 163	0
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	537 521	665 466
MS Makgoba - Acting Chief Executive Officer (Resigned August 2023)	0	805 752
I M iddel (Acting CEO)	0	0

EXECUTIVE MANAGEMENT - MRTT - 2024	Basic Salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela Acting Chief Executive Officer (Appointed 1 September 2023) *	-	252 418	1 771	254 189
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	482 151	333 136	83 651	898 938
MG Jafta - Chief Financial Officer	1 492 143	134 545	256 553	1 883 241
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 Januay 2024)	910 819	186 925	141 763	1 239 507
G Silaule - General Manager Technical Training operations (Appointed 1 February 2024)	173 311	3 064	30 014	206 389
ZL Khoza - Acting General Manager Technical Training operations (Acting Terminated 31 January 2024)	1 112 846	248 520	192 419	1 553 785
E Mkhabela - Acting General Manager Hospitality and Tourism Academy	593 529	388 541	142 093	1 124 163
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	151 727	358 722	27 072	537 521
	4 916 526	**1 905 871**	**875 336**	**7 697 733**

Mr CD Maebela has been appointed as the Chief Executive Officer for MRTT effective from 1 September 2023. He is a permanent employee of the Mpumalanga Department of Education and has been seconded to the role of Acting CEO for MRTT. The amount reflected above is only the acting allowance that he is receiving from MRTT.

21. RELATED PARTIES DISCLOSURES (CONTINUED)

EXECUTIVE MANAGEMENT - MRTT - 2023	Basic Salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
FW Magwandana Acting Chief Executive Officer (Resigned 30 August 2023)	896 046	130 197	155 760	1 182 003
MG Jafta - Chief Financial Officer	1 422 172	52 481	244 722	1 719 375
B Hlatshwayo - Acting Chief Financial Officer (Appointed 16 January 2024)	775 127	153 333	135 315	1 063 775
ZL Khoza - Acting General Manager Technical Training Operations (Acting Terminated 31 January 2024)	1 037 206	158 129	125 287	1 320 622
S Shungube - Acting General Manager Corporate Services (Resigned 30 August 2023)	444 132	141 986	79 348	665 466
MS Makgoba Acting Chief Executive Officer (Resigned August 2022)	444 234	277 170	84 348	805 752
I Middel (Acting CEO)	-	-	-	-
	5 018 917	**913 296**	**824 780**	**6 756 993**

22. CONTINGENCIES

Contingencies	0	0

No contingencies in 2024.

In 2023 Mr Sylvester Mokubedu took the entity to CCMA claiming constructive dismissal and the case was ongoing as at the time of the drafting of the financial statements.

23. RISK MANAGEMENT

LIQUIDITY RISK

MRTT's risk to liquidity is a result of the funds available to cover future commitments. MRTT manages the liquidity risk through an ongoing review of future commitments and the cash flows arising from allocations by the Provincial Department of Education.

INTEREST RATE RISK

MRTT's exposure to the interest rate is limited MRTT has no significant interest bearing liabilities.

LIQUIDITY RISK

The financial liabilities maturity analysis of MRTT, for the reporting period shows contractual cash outflows on an undiscounted basis as below:

GROUP: 2024 Financial Instrument	Current interest rate	Due in less than a year R	Due in one to two years R	Due in two to three years R	Due in four to five years R	Due after five years R
Trade and other payables	8.5%	5 678 460	-	-	-	-
Provision for employee benefits		5 327 080	-	-	-	-

23. RISK MANAGEMENT

GROUP: 2023 Financial Instrument	Current interest rate	Due in less than a year R	Due in one to two years R	Due in two to three years R	Due in four to five years R	Due after five years R
Trade and other payables	8.5%	11 567 395	-	-	-	-
Provision for employee benefits		5 216 675	-	-	-	-
COMPANY: 2024 **Financial Instrument**						
Trade and other payables	8.5%	21 825 682	-	-	-	-
Provision for employee benefits		5 327 080	-	-	-	-
COMPANY: 2023 **Financial Instrument**						
Trade and other payables	8.5%	22 091 014	-	-	-	-
Provision for employee benefits		5 216 675	-	-	-	-

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. MRTT only deposits cash with major banks with high quality credit standing and limits exposure to any other counter party.

	GROUP & COMPANY 2024 R	 2023 R
Cash and cash equivalents	8 333 473	8 831 438
Receivables ageing is as follows - Current	6 572 997	9 907 957
- 30 days	1 292 897	4 462 266
- 60 days	62 273	1 159 816
- 90 - 150 days	14 128 944	8 501 473
Total of Receivables from Exchange Transactions	**22 057 111**	**24 031 512**
Intercompany account - Royal Hotel	11 151 893	24 031 512

CURRENCY RISK

Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. MRTT is not exposed to any material foreign exchange risk arising from various currency exposures. MRTT does not hedge foreign exchange fluctuations.

PRICE RISK

MRTT is not exposed to equity securities price risk because there are no investments held by MRTT and classified as either for sale or at fair value through surplus or deficit.

24. INVESTMENT IN SUBSIDIARY

The consolidated Annual Financial Statements include the financial information for the year ended 31 March 2024 of Mpumalanga Innovation and Skills Hub

25. BUDGET VS. ACTUAL INFORMATION

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended 31 March 2024 is presented above. The financial statements and budget documents are prepared for the same period. There is an entity difference: the budget is prepared for the general government sector and the financial statements consolidate all entities controlled by the entity. There is also a bases difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

The reasons for variances are listed below:

25.1 There is no variance as budget amount was invoiced in full from the Department of Education and there was an adjustment to the allocation of R20 822 million

25.2 The positive variance is due the entity getting more projects in the financial year.

25.3 The favourable variance is due to the budget adjustment by the DoE in December 2023 for an amount of R20.822 million.

25.4 The unfavourable variance is due to the increase in projects that were not envisaged in the budget.

25.5 The favourable variance in capital expenditure is due to less capital assets being procured as envisage.

26. ACCOUNTING FRAMEWORKS OF HOLDING COMPANY AND SUBSIDIARY

The holding company uses GRAP as the accounting framework and the subsidiary uses GRAP. There has been no adjustment necessary and the consolidated AFS are consistent.

27. RESERVES

Revaluations are done every five years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Items of land and buildings shall be revalued to their fair values. The fair value is determined directly by reference to observable prices in an active market or recent market transaction at arm's length terms or was estimated using other valuation techniques. Revaluations will be done by an independent appraiser registered as a Professional Association of Valuers with the South African Council for the Property Valuers Profession. When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

- The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus.

	GROUP		COMPANY	
	2024 R	2023 R	2024 R	2023 R
Opening balance	86 827 650	90 224 108	86 827 650	90 224 108
Change during the year	28 169 781	-	28 169 781	-
Realisation of revaluation surplus	(3 396 458)	(3 396 458)	(3 396 458)	(3 396 458)
	111 600 973	**86 827 650**	**111 600 973**	**86 827 650**

28. SEGMENT REPORTING

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

The entity is organised and reports to the Accounting Authority on the basis of three major functional areas: Hospitality and Tourism Academy, Technical Training Operations and Corporate Services.

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The segments are geographically located in the Mpumalanga province.

- The Hospitality and Tourism Academy is based in the Lowveld in Nelspruit.
- The Technical Training Operations is located in Highveld in Emalahleni.
- The Corporate Services is located in Highveld in Emalahleni.

TYPES OF GOODS AND/OR SERVICES BY SEGMENT

These reportable segments as well as the goods and/or services for each segment are set out below

REPORTABLE SEGMENT	GOODS AND/OR SERVICES
Hospitality and Tourism Academy	Skills Development in Hospitality and Tourism trades. Offers accommodation, conference facilities, food and beverage services
Technical Training Operations	Skills development in technical trades in welding, agriculture, electrical, spray painting, panel beating, construction
Corporate Services	Corporate services in Finance, Human Resources, Supply Chain, Quality Assurance, Marketing

28. SEGMENT REPORTING (CONTINUED)

SEGMENT REPORTING 2024	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
REVENUE				
Revenue from non-exchange transactions	0	11 400 000	66 971 000	78 371 000
Revenue from exchange transactions	3 392 879	28 011 527	1 465 494	32 869 900
Total segment revenue	**3 392 879**	**39 411 527**	**68 436 494**	**111 240 900**
Entity's revenue				**111 240 900**
EXPENDITURE				
Administration	0	0	13 955 518	13 955 518
Operating expenses	6 370 464	15 462 502	16 090 153	37 923 119
Personnel	0	0	59 504 687	59 504 687
Debt impairment	0	0	1 338 932	1 338 932
Depreciation and amortisation	0	0	6 526 814	6 526 814
Total segment expenditure	**6 370 464**	**15 462 502**	**97 416 104**	**119 249 070**
Total segmental deficit				**-8 008 170**
ASSETS				
Inventories	57 421	0	210 514	267 935
Property plant and equipment	0	0	110 298 114	110 298 114
Cash and cash equivalents	273 142	0	8 060 331	8 333 473
Intangible assets	0	0	66 420	66 420
Receivables from exchange transactions	0	0	5 208 437	5 208 437
Investments in controlled entities	0	0	100	100
Total segment assets	**330 563**	**0**	**123 843 916**	**124 174 479**
LIABILITIES				
Payables	0	0	20 157 061	20 157 061
Provisions	0	0	5 327 080	5 327 080
Revaluation reserve	0	0	111 600 972	111 600 972
Accumululated deficit	0	0	-12 910 634	-12 910 634
Total segment liabilities	**0**	**0**	**124 174 479**	**124 174 479**
Total liabilities as per Statement of financial Position				**124 174 479**

28. SEGMENT REPORTING (CONTINUED)

SEGMENT REPORTING 2023	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
REVENUE				
Revenue from non-exchange transactions	0	27 945 000	49 593 000	77 538 000
Revenue from exchange transactions	2 715 906	30 410 094	1 402 983	34 528 983
Total segment revenue	**2 715 906**	**58 355 094**	**50 995 983**	**112 066 983**
Entity's revenue				**112 066 983**
EXPENDITURE				
Administration	0	0	13 212 825	13 212 825
Operating expenses	4 830 024	19 394 099	17 093 858	41 317 981
Personnel	0	0	53 451 785	53 451 785
Depreciation and amortisation	0	0	6 206 926	6 206 926
Total segment expenditure	**4 830 024**	**19 394 099**	**89 965 394**	**114 189 517**
Total segmental deficit				**-2 122 534**
ASSETS				
Inventories	36 790	0	211 852	248 642
Property plant and equipment	0	0	85 855 142	85 855 142
Cash and cash equivalents	596 059	0	7 939 950	8 536 009
Intangible assets	0	0	152 879	152 879
Receivables from exchange transactions	0	0	9 898 964	9 898 964
Investments in controlled entities	0	0	100	100
Total segment assets	**632 849**	**0**	**104 058 887**	**104 691 736**
LIABILITIES				
Payables	0	0	0	22 093 625
Provisions	0	0	0	5 216 675
Revaluation reserve	0	0	0	86 827 650
Accumululated deficit	0	0	0	-9 446 214
Total segment liabilities	**0**	**0**	**0**	**104 691 736**
Total liabilities as per Statement of financial Position				**104 691 736**

*The above statement relates to both the group and the company as there are no figures from the subsidiary.

29. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated deficit of R (13 113 655) and that the entity's current liabilities exceed its current assets by R 11 877 316. The total assets however exceed the liabilities by R98 487 318 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2023 and March 2024 for the year under review to the tune of R20 822 000, the entity has losses for 2 consecutive years (2024 - R8 233 954 and 2023 - R1 761 914).

The indicators above indicate that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern however the solvency ratio covers the entity for the long term.It is there fore the entity's conclusion that entity is still a going concern as that total assets exceed current liability and the management has plans to deal with these events or conditions as listed below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is a public entity listed under Schedule 3C of the PFMA and reports to the Department of Education in Mpumalanga. MRTT has been allocated a 3 year grant allocation letter (2023 - 2025) by the Department of Education and signed by the Head Official of the Department of Education.

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2024/25.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continuously is allocated the grant funding by the Mpumalanga Department of Education and that will remain in force for so long as it takes to restore the solvency of the entity.

The entity will continue to procure funding for the ongoing operations for the entity through a number of projects as well as the Hotel in Nelspruit, Kanyamazane.

30. PRIOR PERIOD ERROR

MRTT PRIOR PERIOD ERROR

The accounting policy of the entity states that the useful lives and residual values of property, plant and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information. However the entity did not assess the useful life of all assets and some assets are now fully depreciated but still in use.

The useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles, software were revised based on a 100% physical verification of all assets.

The verification of the assets included the assessment of useful lives and residual values as well as conditional assessment of all assets as required by GRAP.

The results of the exercise resulted in management revising the useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles to be revised.

The effect of the correction of the error on the results of the 2024 and the preceding financial year i.e. 2023. The errors were only possible to be corrected from the 1st of April 2022 and hence the AFS for that financial have been restated.

30. PRIOR PERIOD ERROR (CONTINUED)

	2023 R

Management of the entity engaged on a 100% physical verification of all assets of the entity which included conditional assessment of assets and the results / impact of the exercise are as follows –

Property Plant and Equipment balance after change in estimates	R9 390 2931
Property Plant and Equipment balances as at 31 March 2023	R8 241 7627
Adjustments in the balance of PPE	R1 148 531

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment -	1 148 531
Opening Accumulated Surplus or Deficit -	1 148 531

STATEMENT OF FINANCIAL PERFORMANCE

Depreciation expense -	319 850

MISH PRIOR PERIOD ERROR

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments.

Donation income to an amount of R1 366 553 was incorrectly classified as revenue from exchange transactions, Grap23 requires donation income to be classified as revenue from non-exchange transactions.

Consulting fees amounting to R3 168 387 and board fees amounting to R18 571 were incorrectly recorded in 2022/2023 instead of 2021/2022 financial year.

In the 2022/2023 financial year, board fees and S&T expenditure to an amount of R145 549 was incorrectly classified into employee cost instead of general expenditure. Board fees were also overstated by R5 665 in the prior year. Employee costs were also understated by R28 421.

STATEMENT OF FINANCIAL POSITION: 2022	Notes	Correction of error R	Restated R
Receivables from non-exchange transactions		(3 186 958)	(3 186 958)
General expenditure		3 186 958	3 186 958
		-	-

STATEMENT OF FINANCIAL POSITION: 2023	Notes	Correction of error R	Restated R
Receivables from non-exchange transactions		3 192 623	3 192 623
General expenditure		(3 192 623)	(3 192 623)
Employee cost		(145 549)	(145 549)
General expenditure		145 549	145 549
Revenue from exchange transactions		(1 366 553)	(1 366 553)
Revenue from non-exchange transactions		1 366 553	1 366 553
Employee cost		28 421	28 421
Receivables from non-exchange transactions		(28 421)	(28 421)
		-	-

NOTES

CORPORATE HEAD OFFICE

PHYSICAL ADDRESS
05 Schonland Drive,
Emalahleni,
1035

Tel: (013) 656 0857 / 0875
Fax: (013) 656 0632

Email: info@rttrust.co.za
Whatsapp: 072 899 1948

PR149/2024
ISBN: 978-0-621-52115-3

www.rttrust.co.za