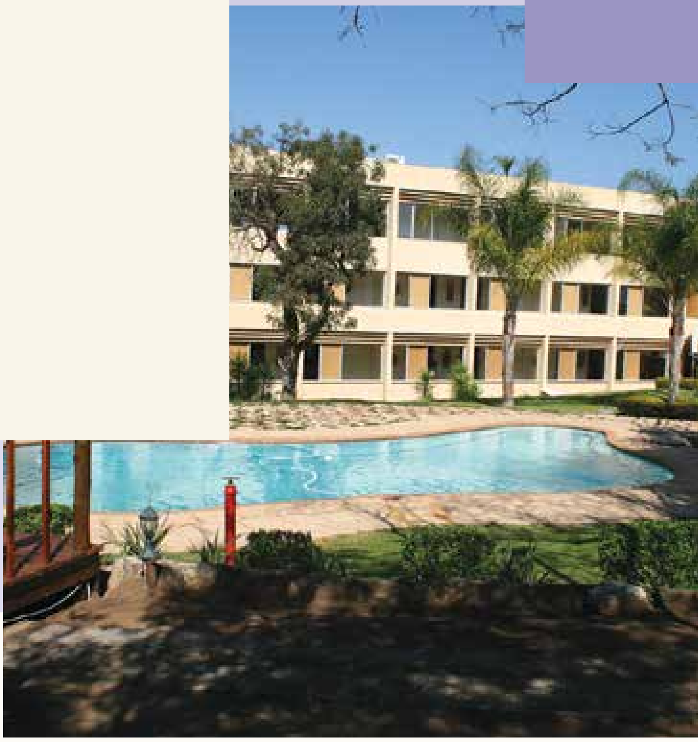
MPUMALANGA REGIONAL
TRAINING
TRUST
MRTT

Empowerment Through Training

ANNUAL REPORT 20 16/17

CONTENTS



PART A
GENERAL INFORMATION

1. GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
PHYSICAL ADDRESS	Suite No. 8 Bureau de Paul Route N4 Office Park Emalahleni 1035
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER/S	(027) 13 656 0857/0931/0875
FAX NUMBER	(027) 13 656 0632
EMAIL ADDRESS	ceo@rttrust.co.za
WEBSITE ADDRESS	www.rttrust.co.za
EXTERNAL AUDITORS	Auditor-General South Africa 2 Nel Street Mbombela 1200
BANKERS	Standard Bank Saveway Crescent Emalahleni 1035
COMPANY/ BOARD SECRETARY	Ms Kedibone Mohlala

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B&CC	Building and Civil Construction
BBBEE	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
NPC	Non-Profit Company
NQF	National Qualifications Framework
NYDA	National Youth Development Agency
NYS	National Youth Services
OTP	Office of the Premier
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PPI	Programme Performance Indicator
PPP	Public Private Partnership
QMS	Quality Management System
RPL	Recognition of Prior Learning
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

3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL

I am pleased to present to you this annual report on the work of the Mpumalanga Regional Training Trust (MRTT) for the 2016/17 financial year. I am particularly pleased that in the year under review, MRTT has once again delivered on its mandate of skilling the out-of-school youth in the province with the required Technical, Hospitality and Tourism skills.

The annual report is a significant mechanism that enables us to make an assessment of the entity's performance in addressing technical skills gaps and shortages in the province. Furthermore, the report makes visible any shortcomings that may need executive oversight and MEC's intervention in the fulfilment of the entity's mandate of fulfilling sub-outcome 7 of Outcome 5: "A skilled and capable workforce to support an inclusive growth path" in line with the Medium-Term Strategic Framework.

The entity has made progress in the establishment of the Provincial Skills Hub as pronounced by the Hon. Premier Mr. DD Mabuza in the State of the Province Address aimed at mobilising the unskilled youth amongst the population to jointly find a mutual and beneficial way of providing an opportunity to enhance their skills responsive to industry as entrepreneurial business development. The provincial executive council adopted the Mpumalanga Integrated Skills Hub Operational Model and the Integrated Skills Hub Funding Model. The Operational Model was developed based on the advantages, lessons learnt from the benchmarked skills hubs and the full definition of an effective Skills Hub, to ensure that the Skills and Economic Development needs of the province are met. In 2017/18 more efforts will be made in the operationalisation of the provincial skills hub for the beneficiation of the youth.

The Mpumalanga Provincial Government, in line with the National Development Plan and the Mpumalanga Economic Growth & Development Path, continues to strengthen efforts in expanding the role of state-owned enterprises to address shortfalls in artisanal and technical skills, as reiterated by the Hon. Premier, Mr. DD Mabuza in his State of the Province Address in 2015 in response to the national call of addressing the dire shortage of artisans across the country. The artisan development programme was met with numerous challenges of placement of learners for in-service training which necessitated the conversion of the programme into a full apprenticeship programme towards artisanship.

As MEC and the Department responsible for training and development of our people, we are very proud and excited by the year end reporting of the entity and we will continue to support MRTT in their skills development endeavours.

Empowerment through Training

Mrs MR Mhaule (MPL)
MEC for Education

31 May 2017

4. FOREWORD BY THE CHAIRPERSON

Submitting this annual report of the Mpumalanga Regional Training Trust (MRTT) for the 2016/17 financial year to the executive authority is both a testing and an exciting opportunity. It is an exciting opportunity because the entity has once again managed to deliver on its mandate as the skills development arm of the Mpumalanga Department of Education and through the leadership of the Board of Directors is developing new opportunities and avenues for the upcoming year. At the same time, it is also demanding because of the challenges the entity encountered during the year under review.

The annual report affords MRTT an opportunity to cast a critical eye on its vision, mission, strategic imperatives, long- and short-term plans, achievements, as well as challenges faced in the period under review and to make determinations about possible improvement in the medium to long term to enhance service delivery and the positive impact in the destitute communities across the Mpumalanga Province. The Mpumalanga Regional Training Trust continues to play a critical role within the skills development sector in ensuring that the demand of the labour market are met through skilled people particularly in both technical, as well as hospitality and tourism programmes, while also increasing its contribution to economic growth and much needed job opportunities and creation.

HIGH LEVEL OVERVIEW OF THE PUBLIC ENTITY'S STRATEGY AND THE PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR

Despite the challenges that were encountered during the year under review, we have strengthened our efforts in implementing the Artisan Development Programme and have managed to continuously train 1 144 learners on different levels and through our internal training centres and community projects achieved to provide skills and alleviate poverty within our communities. In reporting on our planned targets for our training centres and community-based training projects in the year under review, MRTT has managed to train 896 learners in construction, manufacturing and engineering skills.

Through the Mobile section we continued to implement our community-based projects and managed to train 471 out-of-school youth in short skills and 395 learners in learnerships from different communities across the province.

We continue to participate in several government-funded skills development initiatives, one of such is the Comprehensive Rural Development Programme (CRDP). Through the CRDP programme, MRTT has played its role in delivering quality training to the most vulnerable communities of our society. In the year under review, we were engaged in delivering building construction related training programmes to a total of 698 out-of-school youth, in (8) eight local municipalities. A further 753 learners were trained in Hospitality and Tourism studies.

STRATEGIC RELATIONSHIPS

The entity's main strategic partner is the Mpumalanga Department of Education who continues to fund us and play a major oversight role to ensure that the entity works towards achieving on its mandate.

The entity through its Artisan Development Programme is training learners towards full artisanship status in line with the National Development Plan and has established and continues to strengthen the strategic partnership with Hydra Arc to facilitate this three year programme.

MRTT is currently playing a critical role in the established Mpumalanga Provincial Human Capital work stream forum aimed at addressing and securing workplace-integrated training under the leadership of the Premier's advisers, which includes participating stakeholders such as Eskom, Sasol, Department of Education, Department of Economic Development etc.

One other key stakeholder in the area of youth development, which we established and continue to maintain good relations with, is the National Youth Development Agency (NYDA). The strategic relationship between MRTT and NYDA has proven to be highly fruitful in delivering positive results and adds value and added impact to the training programmes by offering counselling, life and entrepreneurial skills support to beneficiaries.

CHALLENGES FACED BY BOARD

With the economic climate decreasing, strategic decisions faced the Board of Directors to continuously provide the same level of service delivery within severe budget constraints. The background and socio-economic circumstances of our learners demand that the entity subsidises the learners one way or the other and also increase self-generated revenue. The entity, through the leadership of the Board of Directors had to reconsider and reassess the operational and funding model.

The Board of Directors is playing an active role in establishing levels of risk appetite and instituted a number of steps to integrate risk oversight.

THE YEAR AHEAD

In the year ahead, we will continue strengthening the leadership and governance of the entity through the effective functioning of Board Committees. The entity will continue to prioritise skills training and development in line with the four strategic-oriented goals and strategic objectives that were developed and reflected in the 2015/2020 strategic plan.

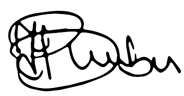
The financial year 2017/18 will be the third year of implementation of the 2015/2020 five year strategic plan which the entity aims to make stern inroads in improving our training both qualitatively and quantitatively. The entity will be looking at strengthening the establishment of the Provincial Skills Hub which is aimed at mobilising the unskilled youth amongst the population to jointly find a mutual and beneficial way of providing an opportunity to enhance their skills responsive to industry as entrepreneurial business development. The four key priorities for 2017/18 towards the operationalisation of the Skills Hub are:

- Business registration of the Skills Hub as a legal entity;
- Site procurement and Infrastructure development ;
- Key appointments of implementation and management team; and
- Engagement of stakeholders, generating input and commitments in support of the objectives of the Skills Hub and role-player partnership agreements.

CONCLUSION

In conclusion, I would like to express my sincere thanks and appreciation to:

- All the members of the Mpumalanga Regional Training Trust Board of Directors who continuously give their time, energy and wisdom in ensuring that the entity delivers on its mandate as directed by the executive authority.
- The Honourable MEC for the Department of Education, Mrs MR Mhaule; the Head for Education, Mrs MOC Mhlabane and the Mpumalanga Department of Education as a whole for the continued support to the entity.
- All the staff of MRTT – the cleaning staff, receptionists, secretaries, administrative staff, managers and senior managers for their commitment, integrity, professionalism and hard work. Their commitment to service excellence and dedication fill us with satisfaction.
- The MRTT's Chief Executive Officer, Mr Riaan Oosthuizen for providing steady, dynamic and visionary leadership for the entity.



Mrs FD Mthembu
Chairperson: MRTT
31 May 2017

5. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Mpumalanga Regional Training Trust (MRTT) had mixed results in terms of financial performance for the 2016/17 financial year. There has been a decrease in revenue from exchange transactions and a slight increase in revenue from non-exchange transactions compared to the previous financial year. The financial position remained strong, that is, year-on-year revenue from exchange transactions (own revenue-generated) and non-exchange transactions.

MRTT'S OWN REVENUE GENERATED

Own generated revenue dropped from R49.6 million to R39.1 from the previous financial year representing a 21%. The actual own revenue generation exceeded the budget by R1.7 million which translates to a 5% favourable variance.

GOVERNMENT GRANTS

Government grant allocation increased from R92.7 million to R97.8 million from the previous which is a 5.5%. On the expenditure side, there has been a marked decrease from R141 million to R112 million, that is, 20% compared to the previous financial year. The MRTT realised a surplus amounting to R25 million compared to R1 million realised in the previous financial year. The financial position of the entity has strengthened in terms of its asset base year-on-year. Both the liquidity ratios shows an improvement. Indications are that the entity will continue to operate in the foreseeable future – (liquidity/short-term) and in the long-term (solvency), there is clear evidence that the total assets remains adequate to cover against total liabilities of the entity.

SPENDING TRENDS OF THE PUBLIC ENTITY

	2012/13 R'000	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000
Expenditure	87 934	123 261	134 544	141 263	111 786

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

The MRTT introduced the performance management system; performance assessment(s) were done for all the quarter(s) and the performance bonuses were paid based on the outcome(s) of the employee's performance appraisals. The Provincial Executive Council resolved to introduce and implement a moratorium in the filling of vacant position in the approved organisational structure.

DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There were no discontinued and/or planned discontinued activities during the 2016/17 financial year.

NEW OR PROPOSED ACTIVITIES

The appointment of key staff for project and skills development and economic and entrepreneurial development roles ensuring implementation and management of the Skills Hub is needed. The recruitment and selection process of the team will commence whilst the Skills Hub is being registered to allow for a lead time of maximum three months.

REQUESTS FOR ROLLOVER OF FUNDS

No requests were made for the rollover of funds to the next financial year.

SUPPLY CHAIN MANAGEMENT

MRTT adopted and implemented the use of National Treasury Central Supplier Database (CSD) in July 2016 for procurement of goods, works and services. There are amended policies in place that incorporate the adjustment in the threshold, as well as recommendations from the Auditor-General's 2014/15 report, for procuring goods and services.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE PERIOD UNDER REVIEW

There were no unsolicited bid proposals concluded during the 2016/17 financial year to report on.

SCM PROCESSES AND SYSTEMS

SCM processes are in place in terms of procurement of goods, works and services. However, there are challenges with procurement and contract management. A process is in place to optimise the human resources and IT functions within the Supply Chain Management function.

CHALLENGES EXPERIENCED AND HOW RESOLVED

Challenges that were experienced are being addressed, using the action plan prepared to resolve the audit findings reported by the Auditor-General and the progress is monitored and evaluated continuously throughout the year. MRTT Management in conjunction with Provincial Treasury managed to resolve the matters.

AUDIT REPORT MATTERS IN THE PREVIOUS FINANCIAL YEAR

An action plan on reported audit findings by the Auditor-General and the Financial Management Capability Maturity Model (FMCMM) by the Provincial Treasury were developed and progress on the findings is discussed at Senior Management Committee level; Audit Committee; Risk Management Committee and the Board of Directors.

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

MRTT will embark on the following financial survival strategies to mitigate its financial risks:

- A multi-faceted fundraising plan that will be implemented and carefully monitored.

- Further diligent attention will be paid to the development of increased internal sources of funding, e.g. leveraging funding through the Jobs Fund at the Development Bank of Southern Africa (DBSA); the Industrial Development Corporation (IDC); the National Youth Development Agency's National Youth Fund, and other financiers.

EVENTS AFTER THE REPORTING DATE

There is no post reporting date event to report on.

ECONOMIC VIABILITY

The entity's financial and/or economic viability remains "hard-pressed" by the prevailing economic condition(s) faced by the South African economy, with negligible to slow economic growth; high rates of unemployment and poverty levels. These challenges are further worsened by the impending introduction of Community Education and Training which are intended to provide "second-chance learning opportunities for out-of-school youth and adults".

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to express my sincere gratitude to the Honourable MEC for Education, Mrs MR Mhaule, for providing support to the MRTT and trust this support would continue in future. Furthermore, I would like to express appreciation to the various SETAs that the MRTT works with – i.e. CETA, MerSETA, CATHSSETA, etc. I furthermore wish to take this opportunity to thank the Board of Directors for their continued support and guidance in ensuring that the MRTT meets its set objectives and fulfils its mandate. And last but not least, I would like to acknowledge the enormous hard work and/or contribution(s) by the MRTT employees to the success of this entity.

Mr R Oosthuizen
Chief Executive Officer: MRTT
31 May 2017

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 audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) standards applicable to a public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that 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 2017.

Yours faithfully

Mr R Oosthuizen
Chief Executive Officer
31 May 2017

Mrs FD Mthembu
Chairperson of the Board
31 May 2017

7. STRATEGIC OVERVIEW

7.1. MANDATE

As a public entity reporting through the Board of Directors to the MEC for Education in the Mpumalanga Province, MRTT is mandated to develop the human resource base of the Mpumalanga Province through the provision of experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training. The main focus is to empower learners, primarily the disadvantaged communities, especially the youth, industry workers and government employees, to participate in the broader economic sphere of the province

7.2. VISION

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

7.3. 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.

7.4. VALUES

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

8. LEGISLATIVE AND OTHER MANDATES

The Mpumalanga Regional Training Trust is registered as a public entity under Schedule 3C of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

MANDATES	PURPOSE
Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	This legislation requires education to be transformed and democratised in accordance with the values of human dignity, human rights and freedom, as well as non-racism. It guarantees basic education for all, with the provision that everyone has the right to basic education, including adult basic education and the provision of further education and training (FET).
Skills Development Act, 1998 (Act No. 97 of 1998)	This Act is aimed at increasing the skills levels of human resources in the workplace and supporting career-pathing.
South African Qualifications Authority Act, 1996 (Act No. 58 of 1995)	It provides for the development and implementation of the National Qualifications Framework (NQF) and for this purpose to establish the South African Qualifications Authority (SAQA,) and to provide for matters connected therewith.
Labour Relations Act, 1995 (Act No. 66 of 1995)	It regulates the organisational rights of trade unions and promotes and facilitates collective bargaining in the workplace and at sectorial level. This Act is aimed at promoting and maintaining sound labour practices.
Public Finance Management Act, 1999 (Act No. 1 of 1999)	Its aim is to regulate financial management and 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, 2008 (Act No. 71 of 2008)	Its aim is to provide for the incorporation, registration, organisation and management of companies; and to provide for equitable and efficient mergers and takeovers of companies.
Employment Equity Act, 1998 (Act No. 55 of 1998)	Its aim is to promote the constitutional right of equality and the exercise of true democracy; to eliminate unfair discrimination in employment; and to ensure the implementation of employment equity to redress the effects of discrimination.
Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	Its aim is to give 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; as well as to provide for matters connected therewith.
Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Its aim is to provide 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; as well as 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 in terms of Schedule 3C of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- MRTT is registered as a Non-Profit Company (NPC) in terms of the New Companies Act, 2009 (Act No. 71 of 2008) with registration number 93/06132/08.
- Registered and a constituent member of the Education, Training and Development Practitioner Sector Education Training Authority (ETDP SETA) in terms of 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. ID 453.

MRTT ACCREDITATION STATUS

MRTT is currently in possession of the following Education and Training Quality Assurance (ETQA) Accreditation Certificates:

- Construction Education and Training Authority (CETA) (No. 6P5112).
- Manufacturing, Engineering and Related Services SETA (MerSETA) (No. 17-QA/ACC/0510/10).
- Energy and Water Sector Education and Training Authority (EWSETA) (MatuaENER090428).
- Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) (No. 613/R/000034/2005).

9. ORGANISATIONAL STRUCTURE

10. MEMBERS OF THE BOARD

Ms Florence Mthembu
Chairperson of the Board of Directors

Ms Nelisiwe Mashinini
Deputy Chairperson of the Board of Directors

Mr Petrus Maoko
Non-Executive Director

Mr Moses Dibakwane
Non-Executive Director

Mr Rabeng Tshukudu
Non-Executive Director

Mr Blessing Singwane
Non-Executive Director

Ms Gaylene Deiner
Non-Executive Director

Dr Johan Sibiya
Non-Executive Director

Mr Nick Kalidass
Non-Executive Director

Mr Riaan Oosthuizen
Chief Executive Officer and Ex Officio

Mrs MOC Mhlabane
Ex Officio

PART B
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The 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 64 of the report for the auditors report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. SERVICE DELIVERY ENVIRONMENT

The entity's objectives contribute to the success and achievement of the provincially-mandated goal to train underprivileged and disadvantaged learners by offering either affordable and/or funded learning opportunities which translate into real employment opportunities for these learners, in the hospitality and tourism industry.

Challenges in achieving these goals remain that learners from these backgrounds often focus more on the available funding or stipends as opposed to planning a lifelong career in this industry. As other opportunities arise for these learners, that could result in employment or moving to other funded programmes, they abscond from the current learning programme. Despite the cost-effectiveness of the learning programmes available, there still exists a large portion of learners who are not able to afford the tuition fees and their daily financial challenges do not make studying fulltime easy for them.

A further challenge is that setting and rigidly adhering to the stipulated annual performance plan targets, undermines the entity's ability to be adaptable and flexible in responding to sudden market changes and economic demands which could lead to additional projects for the entity and qualitative outcomes which could better impact on alleviating scarce and critical skills needs.

The entity has to source funded training programmes from CATHSSETA, DoE and the South African Chef Association Youth Programme (SACA) to assist the learners who are planning a life-long career in the hospitality and tourism industry.

The entity received training requests from Mpumalanga Department of Education, hotels and the Kruger National Park to train their employees, hence the entity overachieved its targets.

Our efforts of delivering training in construction-related trades in eight identified municipalities through the Comprehensive Rural Development Programme (CRDP) in the province are intensifying. The entity has resolved to add more value on the training that is provided to these municipalities through consultative meetings with stakeholders on training needs analysis so as to provide training accordingly. Some of the interactions have resulted in the introduction of agricultural programmes (Mixed Farming Systems) being offered to different municipalities. The identified CRDP municipalities are as follows:

- Bushbuckridge;
- Chief Albert Luthuli;
- Dipaleseng;
- Dr JS Moroka;
- Mkhondo;
- Nkomazi;
- Pixley ka Isaka Seme; and
- Thembisile Hani.

2.2. ORGANISATIONAL ENVIRONMENT

The entity has been consistent in its approach to improving the organisational environment, rising to challenges through a culture of self-awareness and performance excellence. It continues to make a rigorous effort to ensure that its structure is apposite for achieving the organisation's strategic objectives, and those of government and particularly the Mpumalanga province.

Three key staff members resigned from their positions, the General Manager: Technical Training Operations, Human Resources Manager and the Supply Chain & Administration Manager, this impacted negatively on the implementation of the entity's Employment Equity Plan. In mitigating this challenge, the entity appointed managers in acting capacity to ensure smooth running. The recruitment process has commenced and appointments will be made upon the conclusion of the course.

The entity ensures that communication on performance is an ongoing process by which supervisors and subordinates work together to share information about work progress, potential barriers and problems, possible solutions, and how the manager can help the subordinate to develop in areas of lack. Performance reviews are done quarterly as to ensure that the development is of the supervisee is tracked by the supervisor

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no new key policy developments and legislative changes effected during the period under review.

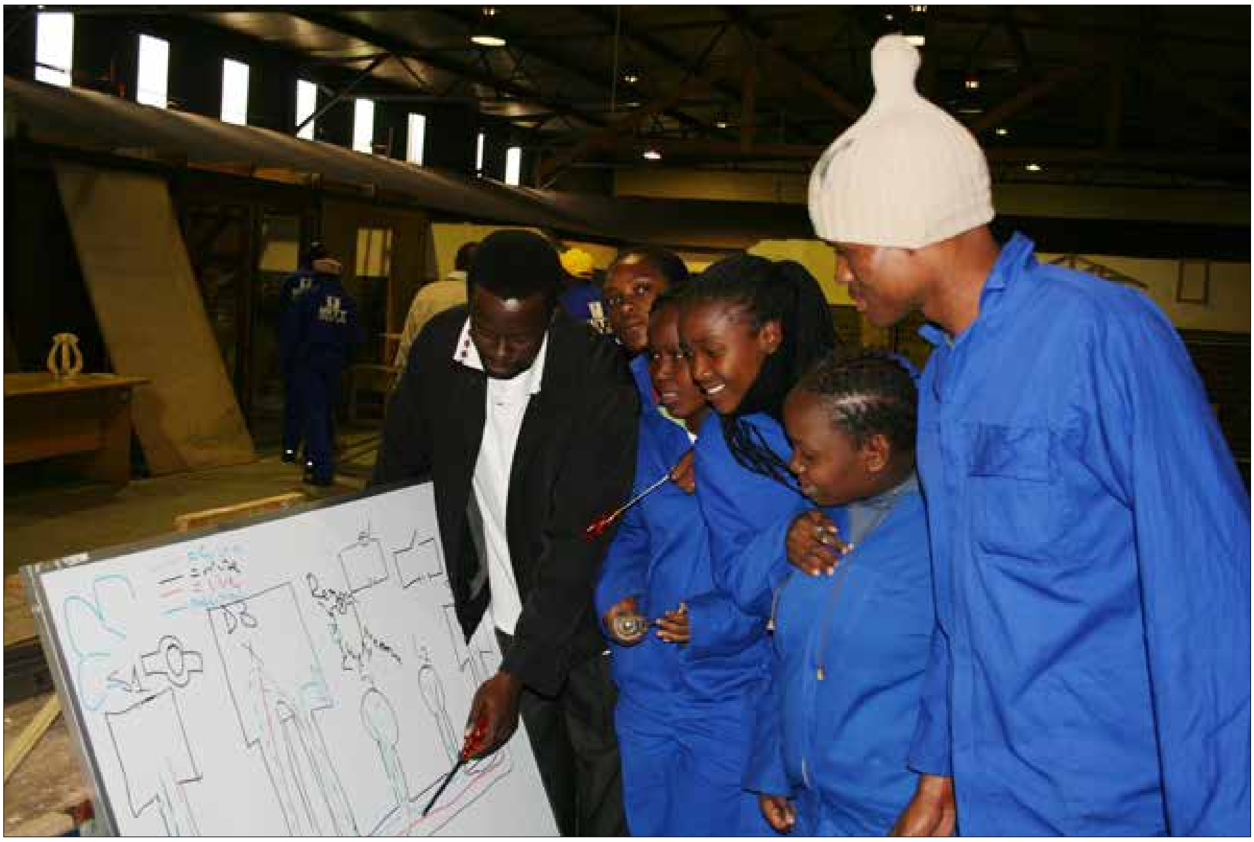
2.4. STRATEGIC OUTCOME-ORIENTED GOALS

This annual report is the second in the 2015–2020 planning cycle and the entity is content with the significant progress that has been made in achieving the entity's set Strategic Outcome-Oriented Goals however much still needs to be done in order to ensure complete success in the realisation of the goals. These Strategic Outcome-Oriented Goals are central to addressing some of the skills shortages in the province, as reflected in the 2015-2020 Strategic Plan of the entity which were developed in line with Outcome 5 of the Medium-Term Strategic Framework, namely: "A skilled and capable workforce to support an inclusive growth path".

PROVIDING ACCESS TO SKILLS DEVELOPMENT

The Mpumalanga Regional Training Trust has been mandated to develop the human resources base of the province through the development of skills by providing experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training. In the 2016/17 financial year, the entity managed to provide training to 753 learners in hospitality and tourism studies. This significant achievement is attributed to the external funding that was sourced as well as the projects that were acquired by the entity, particularly during the year under review. In technical skills training, a total of 896 learners were trained in the various training centres in construction and engineering skills. The mobile training division has provided skills in to 395 learners through learnerships in Building and Civil Construction as well as Air Conditioning and Refrigeration.

Due to challenges relating to placement of learners in the artisan development programme, the entity suspended recruitment of new learners until the matter was resolved. The Artisan Development programme was subsequently converted into a full apprenticeship programme towards artisanship. At the time of reporting there were 1 144 learners in the programme at different levels of training, that is institutional, practical as well as in-service training.



The Comprehensive Rural Development Programme got to a rather slow start as a result of consultation with municipalities regarding their training needs as means of ensuring relevant training is provided to the communities in line with Makgotla resolutions.

PROVIDING AN EFFECTIVE SUPPORT SYSTEM

The entity continues to ensure compliance with internal training policies and the Sector Education and Training Authority's (SETA) set criteria. Four (4) internal compliance audits were conducted to ensure to that regard. Financial management and governance were continuously enhanced by the implementation of, and compliance with legislation, such as the PFMA; Generally Recognised Accounting Practice (GRAP) and King VI on Corporate Governance. Through the implementation of the electronic system for procurement of goods and services, the entity has improved on the turnaround time at which the users receive feedback on requests

MARKETING OF PRODUCTS AND SERVICES

We have continued to market products and services that the entity are providing to the communities across the province in order to enhance learner recruitment. The entity conducted 32 school visits, 15 learner recruitment adverts and 34 career guidance sessions were held. The strategies yielded positive results, however learners keep on dropping out of training programmes due to different personal reasons like permanent employment, relocation etc. particularly in the CRDP training programme.

WORKPLACE TRAINING, COACHING AND MENTORING

The entity has continued to form partnerships with government departments, municipalities and industry for the placement of learners for workplace training (workplace-integrated learning), coaching and mentoring. There are still challenges experienced with the placement of learners because there are limited opportunities which are subsequent to the general unemployment rates and lack of jobs. There is a learner placement strategy in place that the entity will enhance its implementation to address the challenges of workplace-integrated learning in the 2017/18 financial year.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

Programme Purpose: Capacity building in hospitality & tourism as per CATHSSETA and related sectors and identified scarce and critical skills audit within the prescribed standards to enable meaningful participation in the development of the industry.

THE PROGRAMME HAS BEEN DIVIDED INTO THE FOLLOWING SUB-PROGRAMMES:

Sub-Programme 1.1: Academic

Sub-Programme 1.2: Rooms

Sub-Programme 1.3: Food and Beverage

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	Provision of theoretical and practical skills training.
OBJECTIVE STATEMENT	To provide theoretical and practical skills training to 700 learners by 2020.

STRATEGIC OBJECTIVE	Graded and accredited accommodation services and workplace training.
OBJECTIVE STATEMENT	Provision of graded and accredited accommodation services for income generation and learner workplace training by 2020.

STRATEGIC OBJECTIVE	Graded and accredited food and beverage services and workplace training
OBJECTIVE STATEMENT	Provision of graded accredited food and beverage services for income generation and learner workplace training by 2020.

STRATEGIC OBJECTIVES PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

STRATEGIC OBJECTIVES	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
PROGRAMME: HOSPITALITY AND TOURISM ACADEMY					
Provision of theoretical and practical skills training	243 learners	215 learners	753 learners	538 learners	A deviation of 538 learners is due to additional learners received from (South African Chefs Association) SACA programme, CATHSSETA, Kruger National Park, external hotels and DoE projects that were secured as external-funded projects.
Graded and accredited accommodation services and workplace training	Grading and accreditation maintained	Maintain grading and accreditation	Grading and accreditation maintained	No deviation	No comment on deviation as the target was achieved.
Graded and accredited food and beverage services and workplace training	Grading and accreditation maintained	Maintain grading and accreditation	Grading and accreditation maintained	No deviation	No comment on deviation as the target was achieved.

SUB-PROGRAMME: ACADEMIC

Business Focus: Capacity building in hospitality and tourism as per CATHSSETA identified scarce skills audit within the prescribed standards to enable meaningful participation in the development of the industry.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: ACADEMIC							
PPI101: Number of learners to receive training in SAQA -registered Learning Programmes in Culinary Studies	143 learners	169 learners	132 learners	100 learners	109 learners completed training programme. Moderation of learners completed.	9 learners	A deviation of 9 learners is due to additional learners received from SACA and CATHSSETA training programmes that were secured as external-funded projects.
PPI102: Number of learners to receive training in SAQA-registered Learning Programmes in Hospitality Studies	48 learners	43 learners	111 learners	40 learners	108 learners completed training programme. Moderation of learners completed.	68 learners	A deviation of 68 learners is due to additional learners trained in external projects in hotels and KNP (Kruger National Park) and CATHSSETA Project that were secured as external-funded projects.
PPI103: Number of learners to receive training in SAQA registered Learning Programmes in Tourism Studies	New indicator	New indicator	New indicator	15 learners	14 learners completed training in SAQA-registered Learning Programmes in Tourism Studies	1 learner	A variance of 1 learner is due to learner dropping out during the programme.
PPI104: Number of Learners to receive Customised Skills Training in Hospitality and Tourism Studies	New indicator	New indicator	New indicator	60 learners	Customised short skills course training to 522 learners in Hospitality and Tourism Studies has been conducted.	462 learners	A deviation of 462 learners is as a result of additional learners from the DoE training project that was secured as external-funded projects.
PPI105: Income to be generated from Learner Training Fees	R1 498 585	R1 548 551	R3 780 405	R 1 217 800	R1 472 121	R254 321	A deviation is as a result of SACA (South African Chefs Association) and CATHSSETA discretionary grants that were secured.

The sub-programme's objectives contribute to the success and achievement of the provincially mandated goal, SERO report and others to train underprivileged and disadvantaged learners by offering either affordable and/or funded learning opportunities which translate into real employment opportunities for these learners, in the hospitality and tourism industry.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Learners are constantly encouraged to complete the training programme in order to be successful in their career. The Sub-programme will source accredited training material for the Tourism Programme and offer the programme as a project.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: ROOMS

Business Focus: The provision of coaching and mentoring of learners in the workplace and successful management of the hotel operations, in accordance with sound business principles. The sub-programme will strive to retain the 3 star Tourism Grading for the Hospitality and Tourism Academy.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: ROOMS							
PPI 106: Percentage of learners receiving coaching and mentoring in the workplace for SAQA qualifications in Hospitality Studies – Accommodations Services	100% learners trained in Academic were coached and mentored in the workplace	100% learners trained in Academic were coached and mentored in the workplace	Coaching and mentoring in the workplace to 100% (49) of learners trained in Academic.	100% (20) of learners trained in Academic	Coaching and mentoring in the workplace to 100% (48) of learners trained in Academic.	28 learners	A deviation is due to additional learners coached and mentored in funded projects secured from external hotels.
PPI 107: Revenue to be generated in Rooms Sub-Programme	R1 774 947	R1 464 104	R 1 657 561	R1 610 512	R1 993 864	R 383 352	A deviation is due to business increase during the period under review.
PPI 108: Maintain 3 Star Tourism Grading	3 star tourism grading was retained	3 star tourism grading was retained	3 star tourism grading was retained	Maintain 3 Star Tourism Grading	A 3 Star Tourism Grading was Maintained	No deviation	No comment on deviation as the target was achieved.
PPI 109: Attain set room occupancy	55%	51%	43%	50%	58%	8%	The 8% deviation is due to business increase during the period under review.

The sub-programme's objectives contribute to the success and achievement of the provincially mandated goal, SERO report and others to train underprivileged and disadvantaged learners by offering either affordable and/or funded learning opportunities, which translate into real employment opportunities for these learners, in the hospitality and tourism industry.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No strategies to overcome areas of non-performance. All outputs have been achieved as planned.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: FOOD AND BEVERAGE

Business Focus: The provision of coaching and mentoring of learners in the workplace and successful management of the Food and Beverage Operations, in accordance with sound business principles.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: FOOD AND BEVERAGE							
PPI 110: Percentage of learners receiving coaching and mentoring in the workplace for SAQA Culinary qualifications	100% (143) learners trained in Academic were coached and mentored in the workplace	100% (169) learners trained in Academic were coached and mentored in the workplace	100% (132) learners trained in Academic were coached and mentored in the workplace	100% (100) of learners trained in Academic	Coached and mentored in the workplace 100% (109) learners trained in Academic	9 learners	A deviation of 9 learners is due to additional learners received from SACA and CATHSSETA training programmes that was secured as external-funded projects.
PPI 111: Percentage of learners receiving coaching and mentoring in the workplace for SAQA qualifications in Hospitality Studies -Food and Beverage Operations	100% (48) learners trained in Academic were coached and mentored in the workplace	100% (43) learners trained in Academic were coached and mentored in the workplace	100% (111) learners trained in Academic were coached and mentored in the workplace	100% (20) of learners trained in Academic	Coached and mentored in the workplace 100% (60) learners trained in Academic	40 learners	A deviation of 40 learners is due to additional learners received from SACA and CATHSSETA training programmes that was secured as external-funded projects.
PPI 112: Revenue to be generated in Food and Beverage Sub-programme	R2 014 934	R2 182 931	R2 549 783	R2 300 000	R2 795 717	R495 717	The deviation of R495 717 is due to business increase during the period under review.
PPI 113: Maintain set standard food cost of sales percentage	35%	34%	33%	38%	40%	2%	The negative deviation of 2% is due to unforeseen food price increase during the period under review.
PPI 114: Maintain set standard beverage cost of sales percentage	29%	29%	28%	34%	28%	6%	The positive deviation of 6% is due to efficient internal controls being deployed
PPI 115: Maintain set hygiene standards as per Health and Safety Regulation 5 & 6 of 1999	89%	86%	86%	85%	87%	2%	The positive deviation of 2% is due to monitoring of hygiene and food safety procedures and the employment of Food Safety Assurer

The sub-programme's objectives contribute to the success and achievement of the provincially mandated goal, SERO report and others to train underprivileged and disadvantaged learners by offering either affordable and/or funded learning opportunities which translate into real employment opportunities for these learners, in the hospitality and tourism industry.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The Sub-programme will monitor the food price and adjust selling price accordingly. The Head Chef position will be included in the Organizational Structure in 2017/18 financial year.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

LINKING PERFORMANCE WITH BUDGET

	2016/2017			2015/2016		
	BUDGET R'00	ACTUAL EXPENDITURE R'00	(OVER)/UNDER EXPENDITURE R'00	BUDGET R'00	ACTUAL EXPENDITURE R'00	(OVER)/UNDER EXPENDITURE R'00
Academic	5 241	4 266	975	5 464	4 067	1 397
Rooms	10 423	8 612	1 811	10 117	6 854	3 263
Food and Beverage	3 328	3 928	(600)	12 773	3 524	9 249
Total	**18 992**	**16 806**	**2 186**	**28 355**	**14 445**	**13 909**

3.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

Programme Purpose: To develop skills in technical and other areas, quality training through mobile units and facilitate workplace-integrated learning.

THE PROGRAMME HAS BEEN DIVIDED INTO THE FOLLOWING SUB-PROGRAMMES:

Sub-Programme 2.1: Training Centres

Sub-Programme 2.2: Mobile Training

Sub-Programme 2.3: Comprehensive Rural Development Programme (CRDP)

Sub-Programme 2.4: Technical Production

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	Accredited skills training and qualification programmes
OBJECTIVE STATEMENT	To provide accredited Construction, Manufacturing and Engineering skills training to 5 500 learners through institutional training by 2020.

STRATEGIC OBJECTIVE	Artisan Development
OBJECTIVE STATEMENT	To train 5 000 learners in Artisan Development Programmes focusing on Construction, Manufacturing and Engineering related trades by 2020.

STRATEGIC OBJECTIVE	Customised, specialised and accredited skills training
OBJECTIVE STATEMENT	To provide customised, specialised and accredited Construction, Manufacturing and Engineering skills training to 2 000 learners and 2 000 learners in Learnerships and Apprenticeships through mobile training by 2020.

STRATEGIC OBJECTIVE	Comprehensive Rural Development Programme (CRDP)
OBJECTIVE STATEMENT	Provision of accredited Construction skills training to 3 600 learners through CRDP by 2020.

STRATEGIC OBJECTIVE	Provision of workplace training
OBJECTIVE STATEMENT	Management of production projects for income generation and workplace training of 965 learners by 2020.

STRATEGIC OBJECTIVES PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

STRATEGIC OBJECTIVES	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
PROGRAMME: TECHNICAL TRAINING OPERATIONS					
Accredited skills training and qualifications programmes	1 221 learners	1 100 learners	896 learners	204 learners	Lesser number of learners registered for training programmes due to lack of interest in construction trades at eMalahleni training centre and challenges of affordability of learner fees.
Artisan development	1 173 learners	2 173 learners	1 144 learners on different levels of training	1 029 learners	Deviation as a result of placement challenges experienced during the year under review as well as learner drop-outs.
Customised, specialised and accredited skills training	459 learners	400 learners	471 learners	71 learners	More learners showed interest in Customised, Specialised and Accredited Skills Programme.
Learnerships and Apprenticeships	504 learners	400 learners	395 learners	5 learners	Learners dropped out of the training programme.
Comprehensive Rural Development Programme (CRDP)	614 learners	720 learners	698 learners receiving continuous training in construction and engineering trades	22 learners.	A deviation of 22 is as a result of learners who dropped out of the programme.
Provision of workplace training	291 learners	183 learners	212 learners	29 learners	More learners coached and mentored as a result of non-revenue generating projects that were secured.

SUB-PROGRAMME: TRAINING CENTRES

Business Focus: To develop skills in technical and other demand led areas at various MRTT Training Centres.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: TRAINING CENTRES							
PPI 201: Number of learners to receive accredited or customised institutional training in construction, manufacturing and engineering skills	1 202 learners	1 157 learners	1 221 learners	1 100 learners to be trained in Construction, manufacturing and engineering skills	Registered, trained, assessed and moderated 896 learners in construction manufacturing and engineering skills	204 learners	204 lesser learners registered for training programmes due to lack of interest in construction trades at eMalahleni training centre and challenges of affordability of learner fees.
PPI 202: Number of learners placed for workplace-integrated learning		1 041 learners	992 learners	1 100 learners	147 learners placed for workplace-integrated learning	953 learners	Enough and suitable workplace opportunities could not be secured in the period under review.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: TRAINING CENTRES (CONTINUED)							
PPI 203: Number of learners in the artisan development programme	New indicator	New indicator	1 173 learners	Continuous training and placement of 1 173 current learners and commencement of training for 1000 new learners	1 144 learners at different levels of training	1 029 learners	The deviation of 1 029 learners is as a result of placement challenges experienced during the year under review as well as learner drop-outs.
PPI 204: Income to be generated from learners fees	R3 475 102	R2 679 552	R2 918 189	R 1 800 000	R 3 655 490	R1 855 490	More income was generated because the entity was able to attract learners who are willing to pay. Bulk of the learners started during the fourth quarter 2015/16 that is the first quarter of the 2017 academic year.

- The achievement of the indicators and goals assist the entity towards achieving its provincially-prescribed mandate of skills development in the Mpumalanga Province.
- A targeted 1100 learners shall have been developed to acquire accredited or customised skills in various occupations.
- Learners shall have been placed with employers to gain workplace competence and thus stand an opportunity to establish their own business.
- A total number of 1 144 learners developed through the artisan development training programme as a contribution towards the provincial target.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

- The sub-programme is planning to introduce new programs in the metal trades industry, to raise interest under more learners.
- The sub-programme is also negotiating standing agreements with employers for workplace experiential learning of learners and preparing a placement pack to assist host employers to recognise benefits from the South African Revenue Services when placing learners and on their BEE scorecard.
- The current course fees shall be revised to address the revenue collection target.
- The Artisan Development Programme has been converted into an apprenticeship programme towards artisanship in order to alleviate the challenges faced with placement of learners.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: MOBILE TRAINING

Business Focus: To provide quality training through mobile units in response to the Mpumalanga Economic Growth and Development Path.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: MOBILE TRAINING							
PPI 205: Number of learners who receive Customised or Skills Programmes	178 learners	313 learners	459 learners	400 learners	Registered and trained 471 learners on Life Skills and job preparedness	71 learners	71 more learners showed interest in Customised and Skills programme.
PPI 206: Number of learners to be trained on Learnerships and apprenticeships	453 learners	370 learners	504 learners	400 learners	Trained 395 learners on learnerships and apprenticeships	5 learners	The deviation of 5 learners is due to dropping out of the training programme.
PPI 207: Number of learners targeted for workplace opportunities and incubation programme	131 learners	210 learners	99 learners	200 learners	330 trained learners for workplace opportunities and incubation programme	130 learners	The over-achievement of 130 learners was because of more opportunities secured to place and incubate learners.

The achievement of objectives and indicators assist the entity in achieving its provincial mandate of skills development in the Mpumalanga Province.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

More learners will be recruited and registered for training. Learners in the programme are continuously encouraged to complete the training programmes.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)

Business Focus: To uplift and enable rural communities' full responsibilities for their own rural development initiatives. The programme`s core mandate is to empower and equip rural unemployed youth with relevant skills to better their lives.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)							
PPI 208: Number of learners who received accredited training	740 learners	713 learners	614 learners	720 learners targeted for accredited training in construction and engineering trades	698 learners receiving continuous training in construction and engineering trades	22 learners	A deviation of 22 is as a result of learners who dropped out of the programme.

Beneficiaries from the identified rural municipalities will benefit from the program through acquisition of skills.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Engagements with local municipalities on learners' recruitment will commence towards the end of the preceding financial year and the outstanding learners will complete training in the next financial year.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: TECHNICAL PRODUCTION

Business Focus: Production sub-programme will create/provide workplace experiential training for MRTT learners, and also generate extra income for the company.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: TECHNICAL PRODUCTION							
PPI 209: Number of learners to be coached and mentored in workplace for experiential training in construction related trades	131 learners	215 learners	291 learners	183 learners	212 learners have been coached and mentored in construction and engineering related trades	29 learners	29 more learners were coached and mentored in non-revenue generating projects that were secured.
PPI 210: Revenue to be generated from projects and workplace training	R 4 731 666	R 22 298 132	R14 710	R 1 852 875	R 680 326	R1 172 549	Under achievement due to shortage of projects that are generating income.

- To ensure that the trained/placed learners meet the SETA set requirements.
- The learners will get endorsed SETA statement of result or certificate.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

- Lobby for more projects from the government departments and other private institutions.
- Sign more SLA's with other companies for projects.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

LINKING PERFORMANCE WITH BUDGET

	2016/2017			2015/2016		
	BUDGET R'00	ACTUAL EXPENDITURE R'00	(OVER)/UNDER EXPENDITURE R'00	BUDGET R'00	ACTUAL EXPENDITURE R'00	(OVER)/UNDER EXPENDITURE R'00
Training Centres	16 551	14 733	1 818	14 777	15 190	(413)
Artisan Development	121 157	88 985	32 172	128 354	76 348	52 006
Mobile	21 447	15 887	5 559	24 368	18 605	5 763
CRDP	21 562	10 883	10 679	21 897	26 875	(4 978)
Technical Production	1 063	1 028	35	2 198	1 293	905
Total	**181 780**	**131 516**	**50 263**	**191 594**	**138 311**	**53 283**

The under expenditure is due to the slow recruitment of learners in the Artisan Development Programme as a result of challenges in learner placement for in-service training. The programme has since been converted into an apprenticeship towards full artisanship. The under expenditure is due to incomplete CRDP training overlapping to the 2017/18 financial year.

3.3. PROGRAMME 3: CORPORATE SERVICES

Programme Purpose: To provide administrative support, coordination of quality processes, oversight role over financial function, sound marketing strategies by employees who contribute effectively.

THE PROGRAMME HAS BEEN DIVIDED INTO THE FOLLOWING SUB-PROGRAMMES:

Sub-Programme 3.1: Quality Assurance
Sub-Programme 3.2: Finance
Sub-Programme 3.3: Marketing
Sub-Programme 3.4: Administration
Sub-Programme 3.5: Human Resources Management
Sub-Programme 3.6: CEO's Office

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	Assuring quality of training
OBJECTIVE STATEMENT	To assure compliance to internal policies and SETA-set criteria by monitoring 100% of training projects annually.

STRATEGIC OBJECTIVE	Clean Audit Opinion (Financial)
OBJECTIVE STATEMENT	To maintain a clean audit in financial management (compliance and internal controls) from 2015 and beyond.

STRATEGIC OBJECTIVE	Increased learner intake
OBJECTIVE STATEMENT	Increase learner intake of MRTT training programmes through 80 career exhibitions, 60 school visits and 12 training project by 2020.

STRATEGIC OBJECTIVE	Administrative Support Management
OBJECTIVE STATEMENT	To reduce audit findings from 20 to 0 in the Supply Chain Management and Administration in 2016/17 (compliance and internal controls) and maintain the zero findings.

STRATEGIC OBJECTIVE	Human Resource Management
OBJECTIVE STATEMENT	To attract and retain best talent and support employee advancement through professional development, career development of 100 employees and effectively implement the performance management system by 2020.

STRATEGIC OBJECTIVE	Legal and Secretarial Management
OBJECTIVE STATEMENT	To manage the company's Legal- and Secretarial in accordance with best practices and legal requirements and facilitate quarterly Board Committees Meetings by 2020.

STRATEGIC OBJECTIVE	Monitoring and Evaluation
OBJECTIVE STATEMENT	Ensure effective management of performance information by conducting ongoing quarterly monitoring and evaluation of programmes by 2020.

STRATEGIC OBJECTIVES, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

STRATEGIC OBJECTIVES	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
CORPORATE SERVICES					
Assuring quality of training	Ensured 100% to internal training policies	100% compliance to internal training policies	Ensured 100% compliance to internal training policies	No deviation	No comment on deviation as the target was achieved.
Financial Management	Qualified Audit Opinion (2014/15)	Clean audit opinion	Unqualified Audit Opinion (2014/15)	Clean audit opinion not achieved	Management did not always implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.
Increased learner intake	43 career exhibitions, 20 school visits and 2 training projects	16 career exhibitions, 12 school visits and 2 training projects	34 career exhibitions, 32 school visits and 3 training projects	18 career exhibitions, 20 school visits and 1 training project	Target exceeded due to demands made on MRTT training programmes by external stakeholders.
Administrative Support Management	9 findings	10 findings	10 findings in Supply Chain & Contract Management	No deviation	No comment on deviation as the target was achieved.
Human Resource Management	31 employees were trained	20 employees	10 employees have been trained	10 employees have been trained	More employees could not be trained due to budgetary constraints.
Legal and Secretarial Management	4 quarterly Board meetings were conducted	4 quarterly meetings	4 quarterly Board meetings were conducted	No deviation	No comment on deviation as the target was achieved.
Monitoring and Evaluation	4 quarterly evaluations conducted	4 quarterly evaluations	4 quarterly evaluations were conducted	No deviation	No comment on deviation as the target was achieved.

SUB-PROGRAMME: QUALITY ASSURANCE

Business Focus: The quality assurance sub-programme is responsible for the coordination and maintenance of quality processes, and continuous improvement of services to the customer and the realisation of excellence and exceeding customer requirements at all times.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: QUALITY ASSURANCE							
PPI 301: Number of audits and management reviews conducted	Conducted 3 audits on compliance to internal training policies and procedures and 1 management review	Conducted 3 audits on compliance to internal training policies and procedures and 1 management review	Conducted 3 audits on compliance to internal training policies and procedures and 1 management review	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review	Conducted 4 audits on compliance to internal training policies and procedures and conducted 1 management review	No deviation	No comment on deviation as the target was achieved.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: QUALITY ASSURANCE (CONTINUED)							
PPI 302: Number of procedures reviewed in line with ISO 9001: 2008	Reviewed 6 QMS procedures to ISO 9001:2008 on management review	Reviewed 6 QMS procedures to ISO 9001: 2008 on Management review	Reviewed 6 QMS procedures to ISO 9001: 2008 on learner recruitment and selection, assessment and moderation, learner entry and programme delivery	Review 7 QMS procedures to ISO 9001: 2015	Reviewed 7 QMS policies and procedures to ISO 9001: 2015 on learner recruitment & selection & assessment	No deviation	No comment on deviation as the target was achieved.
PPI 303: Number of Accreditation/ Programme approval renewed and maintained with SETAs	Maintained 2 programme approval with MerSETA and CATHSSETA	Maintained 1 Programme approval with MerSETA	Maintained 1 programme approval with MerSETA	Extend the scope with AgriSETA	Process of extending the scope with AgriSETA has commenced	Extension of scope with AgriSETA is not finalised	Some outsourced volunteered training delivery staff members did not submit the signed registration forms as required for accreditation on time to complete the extension of scope.
	Renewed 1 accreditation with CETA and 1 programme approval with EWSETA	Maintained 1 Primary accreditation with CETA & 1 Programme approvals with CATHSSETA	Maintained 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA	Maintain 1 Primary accreditation with CETA & 3 Programme approvals with CATHSSETA. MerSETA & EWSETA	Maintained 1 Primary accreditation with CETA & 3 Programme approvals with CATHSSETA. MerSETA & EWSETA	No deviation	No comment on deviation as the target was achieved.
PPI 304: Percentage of Skills Programmes, Learnerships and Apprenticeships registered.	Registered all skills programmes, Learnerships and Apprenticeship	Registered 100% skills programmes, learnerships and apprenticeships	Registered 100% Skills Programmes, Learnerships and Apprenticeships	Register 100% Skills Programmes, Learnerships and Apprenticeships	Registered 100% Skills Programmes, Learnerships and Apprenticeships	No deviation	No comment on deviation as the target was achieved.

The achievement of the aforementioned indicators makes the entity to comply with the SETAs and ultimately deliver quality product in line with the SETA ETQA requirements.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Make constant communications and follow ups to ensure that the assessors and moderators complete the registration forms and are linked to the entity as a compliance matter. The extension of scope of accreditation with AgriSETA will be concluded in the following year after the submission of the required forms.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: FINANCE

Business Focus: To provide an oversight role over the financial function and ensuring high service levels at MRTT.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: FINANCE							
PPI 305: Collection of Revenue	97% of revenue collected	72% of MRTT Revenue to be collected	102% of external MRTT Revenue was collected	80% Revenue to be collected	116% of revenue was collected	36% more revenue was collected as targeted	Deviation as a result of CETA payment collected that was long outstanding.
PPI 306: Payment of all creditors within 30 days from date of receipt of invoice	100% of creditor's payments were made within the specified 30 days period	100% payments to all creditors were made within the 30 days of receipt of invoice	100% payments to all creditors were made within the 30 days of receipt of invoice	100% payment of all creditors within 30 days of receipts of invoice	100% of creditors were paid within 30 days period	No deviation	No comment on deviation as the target was achieved.
PPI 307: Maintaining complete and accurate Fixed Asset Register (FAR)	1st, 2nd, 3rd and 4th Quarterly physical verification of fixed assets were conducted and reconciled the FAR to the General Ledger	Physical Asset verification was performed for all four (4) quarters of the 2014/15 financial year. Fixed Asset (FAR) Register was reconciled the General ledger	Physical Asset verification was performed for all four (4) quarters. Fixed Asset (FAR) Register was reconciled to the General ledger	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger, and Perform quarterly reports	Quarterly physical verification of fixed assets was performed and FAR was reconciled to the General Ledger	No deviation	No comment on deviation as the target was achieved.
PPI 308: Prepare and submit Financial Performance Reports	Financial performance reports were prepared and submitted to SMCO, Audit Committee and Board of Directors	Financial Performance Reports were accordingly submitted to SMCO; Audit Committee and Board of Directors	Prepared and submitted Financial Performance Reports to SMCO, Audit Committee and Board of Directors	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	Financial Performance Reports were submitted to SMCO; Audit Committee; Finance & Remuneration Committee and Board of Directors meetings	No deviation	No comment on deviation as the target was achieved.
PPI 309: Prepare and submit approved Annual Financial Statements to Auditor General and Provincial Treasury on/ or before 31st May	Annual Financial Statements were submitted to the Auditor-General and Provincial Treasury on 31st May 2013	Annual Financial Statements were submitted to the Auditor-General and Provincial Treasury on 30 May 2014	Annual Financial Statements were submitted on due date 29th of May 2015	Submission of Annual Financial Statement before on/or due date 31st May	Annual Financial Statements were submitted on due date 29th of May 2016	No deviation	No comment on deviation as the target was achieved.

The own generated revenue collected as at 31st March 2017 has surpassed the revenue projected during the budgeting process and thus, this has accordingly enhanced the service delivery element of the entity for the financial year under review with extra revenue generated.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No strategy to overcome areas of non-performance because all outputs have been attained as planned.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: MARKETING

Business Focus: To provide marketing services for the company's product and services, with special focus on learner recruitment in support of training sub-programmes and project canvassing for income generation

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: MARKETING							
PPI 310: Number of learner recruitment advertisements; Career and Stakeholder exhibitions and school visits	9 learner recruitment adverts	11 learner recruitment adverts	5 learner recruitment adverts were conducted	9 learner recruitment advertisements (print/ electronic)	15 learner recruitment adverts were placed	6 learner recruitment adverts	Bulk-buying provides access to more media channels advertising space.
	39 Career Guidance and Trade Exhibitions.	19 Career guidance exhibitions attended.	43 Career & Stakeholder Exhibitions were attended	12 Career & Stakeholder Exhibitions	34 Career Guidance Exhibitions	22 Career Guidance Exhibitions	Target exceeded due to demands made on MRTT training programmes to external stakeholders.
	12 School visits	Conducted 12 school visits	20 school visits were conducted	Conduct 20 school visits	32 school visits	12 school visits	Target exceeded due to efforts on reaching a wider audience and increase in demand from external stakeholders.
PPI 311: Number of Service Level Agreements (SLA) / Purchase Orders for training projects signed	2 Training projects	3 SLA Training projects secured	2 SLA training projects were secured	4 SLA training projects	3 training projects	1 training project	Projects proposal submitted to CETA in the 3rd quarter was approved in April 2017 which now falls under the new financial year.
PPI 312: Print/ Electronic Corporate Advertising	6 Corporate Advertisements	7 MRTT Corporate Advertising placed in relevant print and electronic media	6 Corporate Advertisements placed	6 Corporate Advertising	9 Corporate adverts	3 Corporate adverts	Targeting both print media that also offers free electronic media advertising space results to extra advertising platform at the same cost which is beneficial to our advertising campaign.

The marketing sub-programme revamped the MRTT Corporate website to increase awareness of MRTT training products. The sub-programme also increase its planned targets for school visits and Career and Stakeholders exhibitions to reach a wider target market.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Enhance and strengthen strategies on engaging private companies for training projects because they seem to be yielding positive results with promising training opportunities.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: ADMINISTRATION

Business Focus: To provide administrative support to the organisation so as to ensure accurate and timeous service delivery.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: ADMINISTRATION							
PPI 313: Maintain accurate, complete and valid supplier database	New indicator	New indicator	New indicator	Maintain accurate, complete and accurate supplier database	Central Supplier Database (CSD) is being used for procurement of goods and services	Internal supplier database not used	Provincial treasury issued circular no 32 of 2016 for the introduction of Central Supplier Database as a matter of compliance.
PPI 314: Ensure turnaround time of 20 working days upon receiving a purchase requisition with regards to request for quotation	New indicator	New indicator	New indicator	Ensure turnaround time of 20 working days upon receiving a purchase requisition with regards to request for quotation	Three (3) quotations were sourced, evaluation reports issued and approval done within planned turnaround time of 20 working days	No deviation	No comment on deviation as the target was met.
PPI 315: Maintain disaster recovery plan and business continuity strategy	New indicator	New indicator	New indicator	Maintain disaster recovery plan and business continuity	Disaster recovery plan in place, implemented and maintained	No deviation	No comment on deviation as the target was achieved.
PPI 316: Improve the Information and Communication Technology	New indicator	New indicator	New indicator	Advancement of Information and Communication Technology	Installation of the latest system is on hold as per legislation review from National treasury	Installation not done	National Treasury issued circular no 7 of 2016/17 which prohibits entities to renew or procure any additional software until further notice is given from treasury.
PPI 317: Implement the approved Records File Plan	Implemented the approved Stores Control Standard Operating Procedure	12 monthly physical stock counts as per the approved Stores Control Standard Operating Procedure were conducted	Implemented the approved Stores Control Standard Operating Procedure and conducted 12 monthly physical stock count	Implement the approved Records File Plan	Records file plan was implemented	No deviation	No comment on deviation as the target was achieved.

The achievements which were reached through these indicators were vital in the sense that the organisation has been able to comply with current legislative framework and ensured adherence to instruction from treasury. Service delivery on goods and services has enabled end-users to also perform their tasks to their best of abilities.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

There are no rally deviations since they were as a result of circulars from National Treasury and MRTT had to adhere to those circulars since we report to them in terms of compliance.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT (HRM)

Business Focus: The Human Resource Management Sub-Programme shall as far as possible provide the entity with the highest caliber of employees who can contribute effectively to the objectives of the Company.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT (HRM)							
PPI 318: Number of vacant positions filled within a turnaround period of 3 months	35% of vacant positions were filled in accordance with stipulated timeframes	15 funded positions were filled in accordance with stipulated time frames and approved structure	Not achieved	Ensure that all vacancies are filled within the turnaround time (3 months) in terms of approved organisational structure	Target was not achieved as planned	Vacant funded positions were not filled	Candidates were interviewed and underwent competence assessment by external services provider and the process was prolonged.
PPI 319: Implement the approved Performance Management System (PMS)	The Performance Management System is under implementation	Coordinated and monitored the implementation of the Performance System for all employees	Coordinated and monitored the implementation of the Performance Management System for all employees	Coordinate and monitor the implementation of the Performance Management System for all employees	Reports on final Performance assessments have been received from Sub-Programmes managers and supervisors	No deviation	No comment on deviation as the target was achieved.
PPI 320: Review and update HR policy and procedures, Including the skills development plan	New indicator	The Workplace Skills Plan has been updated, completed and implemented	Updated, completed and implemented the Workplace Skills Plan [WSP] and rolled out training	Update, complete and implement the Workplace Skills Plan [WSP]	Training needs analysis has been conducted and WSP has been completed and implemented	No deviation	No comment on deviation as the target was achieved.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT (HRM) (CONTINUED)							
(Continued) PPI 320: Review and update HR policy and procedures, Including the skills development plan	Employment Equity Plan has been updated and implemented	The Employment Equity Plan was updated and target achieved as women were appointed for two advertised Senior Management positions	Not achieved	Ensure that the Employment Equity Plan is updated and implemented	Target not achieved as planned.	Employment Equity Plan not implemented	No posts were filled in the year under review.
PPI 321: Number of Payroll reports generated	12 Payroll, 1 Annual Skills Development and 1 Employment Equity Report has been generated	12 payroll reports were generated and developed, Annual Skills Development and 1 Employment Equity report was generated	12 payroll report, 1 Skills Development and 1 Employment Equity reports generated	Generate 12 Payroll reports	Generated twelve (12) payroll reports	No deviation	No comment on deviation as the target was achieved.

The programme continues to implement comprehensive human resources practices, processes and procedures in line with statutory requirements and human resources best practices in order to achieve the strategic goals of the entity. The entity was however unable to fill vacant positions due to budgetary constraints but this did not hamper service delivery because there were managers and officials who were requested to assist in order to close the vacancy gap.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The entity will visit and engage organisations assisting the people living disabilities for them to help out in identifying suitable candidate for the vacant positions.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

SUB-PROGRAMME: CEO'S OFFICE

Business Focus: Provide fiscal and management leadership and facilitate policy development and effective program implementation, on behalf of the Board of Directors, to achieve the entity's goals.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: CEO'S OFFICE (COMPANY SECRETARIAT)							
PPI 322: Ensuring compliance with the principles of Corporate Governance: King III Report as well as the Company policies	Advised the Board of Directors and Senior Management Committee on Company policies and applicable Legislation	Planned target not achieved	Performance agreements 2015/16 of the Board of Directors not signed. Facilitated induction and training and performance evaluation of the Board of Directors. The Board Charter was reviewed.	Advise the Board of Directors and the Senior Management Committee on resolutions, company Policies and applicable Legislation. Facilitate the performance evaluation of the Board of Directors. Sign the Board of Directors performance agreements. Presentation / Review Memorandum of Incorporation / Board Charter. Provide training Material for Board of Directors	Advised the Board of Directors and the Senior Management Committee on resolutions, company Policies and applicable Legislation Facilitated Performance evaluation of the Board of Directors Facilitated the performance agreement of the Board of Directors and the signing thereof. Presented the Memorandum of Incorporation/ Board Charter to the Board of Directors on the 20 October 2016. Training Manuals prepared and circulated to Members	No deviation	No comment on deviation as the target was achieved.
PPI 323: Number of SMCO, Audit Committee, Quarterly Board, Legal matters meetings, to be facilitated	Facilitated monthly and quarterly SMCO, Quarterly Audit Committees and quarterly Board meetings	Facilitated 12 SMCO, 4 Quarterly Audit Committee and 4 quarterly Board Committee meetings	Facilitate 12 SMCO, 4 Quarterly and 2 special Audit Committee and 4 quarterly Board Committee meetings	Facilitate the 12 SMCO, 4 Finance & Remco meeting, 4 Marketing Meeting, 4 Technical Meeting, 4 Risk Meeting 4 quarterly Audit Committee and 4 quarterly Board Committee meetings	Facilitated 13 meetings of SMCO, 9 Finance & Remuneration meeting, 4 Marketing and Technical Meetings, 3 Risk and Governance Meetings, 6 meetings of the Audit Committee 4 quarterly and 4 special meetings of Board of Directors	1 meeting of SMCO, 5 Finance & Remuneration meeting, 1 Risk and Governance Meeting, 2 meetings of the Audit Committee 2 normal and 2 special meetings of Board of Directors	The reason for deviation/over achievement was due to special meetings held for the Committees and Board of Directors.
PPI 324: Attend to legal matters brought to the Corporate secretariat and Legal services office	All Legal matters were attended to within five days	All Legal matters were attended to within (5) five days	All legal matters were attended to within 5 days	To attend to all Legal Matters within (14) fourteen days	Attended all legal matters within 14 days	No deviation	No comment on deviation as the target was achieved.

Board effectiveness requires the quality of the Board and not only in meetings but their consistent skill, diligence and care throughout the term of their office. The Company Secretary is tasked with duties to ensure directors attend all meetings, act with utmost sincerity and integrity, providing the Board of Directors Collectively and individually with guidance as to their duties, responsibilities and powers. In summary, all the objectives and goals are set to ensure that the entity follows principles of corporate governance, ensures that the company operates within its object and powers and ensure that it is ultimately a responsible company and ensure that all decisions on all material matters remain in the hands of the Board.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No strategy to overcome areas of non-performance because all outputs have been achieved as planned.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: CEO'S OFFICE (PERFORMANCE INFORMATION MANAGEMENT)							
PPI 325: Number of quality reports compiled	Annual and 4th quarter reports 2012/13 financial year submitted to OTP, Treasury and DOE. The entity compiled the 2013/4 1st, 2nd and 3rd quarter report and submitted to OTP, Treasury and DOE.	Compiled Annual and 4th quarter report for 2013/14 and 1st, 2nd & 3rd quarter report 2014/15 specific for OTP, Treasury and Department of Education	Annual report and 4 quarterly Performance Reports compiled and submitted to the Department of Education	Annual report and 4 quarterly Performance Reports compiled and submitted to the Department of Education	Annual report and 4 quarterly Performance Reports compiled and submitted to the Department of Education	No deviation	No comment on deviation as the target was achieved.
PPI 326: Number of Plans compiled and planning sessions held	1 Annual Performance Plan for 2013/14 was developed and tabled. The Strategic Planning workshop was conducted form 12-13 August 2013.	1 Annual Performance Plan (APP) and 1 Strategic Plan were developed and tabled. 2 Strategic Planning Workshops were conducted.	1 Annual Performance Plan (APP) and 1 Strategic Plan were developed and tabled. 2 Strategic Planning Workshops were conducted. 1 Annual Performance Plan (APP) for 2016/17 compiled Conducted 2 Strategic Planning Workshops.	1 Annual Performance Plan (APP) and 1 Strategic Planning session held.	1 Annual Performance Plan (APP) for 2016/17 compiled Conducted 1 Strategic Planning session	No deviation	No comment on deviation as the target was achieved.
PPI 327: Number of Review Sessions conducted	The 1st, 2nd, 3rd and 4th quarterly review sessions were conducted to ensure data validity, accuracy and completeness	The division has conducted the 4th, 1st, 2nd and 3rd quarter review sessions with Senior Managers and divisional Managers to ensure data validity, accuracy and completeness	4 quarterly review sessions conducted	4 quarterly review sessions conducted	4 quarterly review sessions conducted	No deviation	No comment on deviation as the target was achieved.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENT ON DEVIATIONS
SUB-PROGRAMME: CEO'S OFFICE (PERFORMANCE INFORMATION MANAGEMENT) (CONTINUED)							
PPI 328: Number of Physical verifications conducted	Physical verification for the 1st, 2nd, 3rd and 4th quarter review conducted	4th, 1st, 2nd and 3rd quarter document verification was performed on key service delivery areas	Physical verifications conducted	16 physical verification conducted	16 physical verifications on selected programmes conducted	No deviation	No comment on deviation as the target was achieved.

The activities and objectives of this programme assists the entity in ensuring that performance-based planning initiatives are put in place for the achievement of the Strategic Outcome-Oriented Goals and ensures that evidence-based reports are submitted timely to the relevant bodies and authorities to ensure effectiveness of oversight roles played by such bodies and authorities. The reports assist the entity to get feedback from other stakeholders as to how the entity can improve its performance. The strategic planning review session that was conducted assisted the entity in developing mechanisms and enablers of ensuring that the set Strategic Outcome-Oriented Goals are realised.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No strategy to overcome areas of non-performance because all outputs have been achieved as planned.

CHANGES TO PLANNED TARGETS

There were no in-year changes to the planned targets.

LINKING PERFORMANCE WITH BUDGETS

SUB-PROGRAMME	2016/2017			2015/2016		
	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	3 841	3 537	304	4 880	3 399	1481
Finance	8 652	15 131	- 6 479	8 330	9 603	(1 273)
Marketing	2 688	2 755	- 67	2 778	2 840	(62)
Administration	10 945	10 359	586	11 858	10 836	1 022
Human Resources Management	4 933	1 872	3 060	4 625	2 960	1 665
CEO	9 575	9 831	- 256	10 835	6 600	4 235
TOTAL	**40 634**	**43 485**	**- 2 853**	**43 306**	**36 238**	**7 068**

4. REVENUE COLLECTION

SOURCES OF REVENUE	2016/2017			2015/2016		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Exchange Transactions	37 414	39 139	1 725	43 900	49 734	5 834
Non-Exchange Transactions	97 834	97 834	-	92 734	92 734	-
TOTAL	**135 248**	**136 973**	**1 725**	**136 634**	**142 468**	**5 834**

4.1. CAPITAL INVESTMENT

- **Progress made with implementing the Capital, Investment and Asset Management Plan**

  Renovations of buildings are underway at eMalahleni Training Centre.

- **Infrastructure projects that have been completed in the current year and the progress in comparison to what was planned at the beginning of the year**

  Renovations of buildings are at a 90% completion stage at eMalahleni Training Centre.

- **Infrastructure projects that are currently in progress and expected completion dates**

  None

- **Plans to close down or downgrade any current facilities**

  There are no plans to close down and/or downgrade any current facilities.

- **Progress made with the maintenance of infrastructure**

  New mock-ups/assessment aids were constructed in the training centre at eMalahleni.

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

  None

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

  There were no asset holdings changes that took place during the period under review save disposals, scraping and loss due to theft, as follows:

ASSET CLASS	REASON FOR DISPOSAL	VALUE
Computer Equipment	Stolen	R79 198.19
Machinery and Equipment	Stolen	R143 214.65
Office Equipment	Stolen	R9 325.20
Motor Vehicles	Accident	R207 967.00
TOTAL		**R439 705.04**

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

  Monthly reconciliations are performed between the Fixed Asset Register (BAUD) and the General Ledger and physical asset verification is performed on a quarterly basis.

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

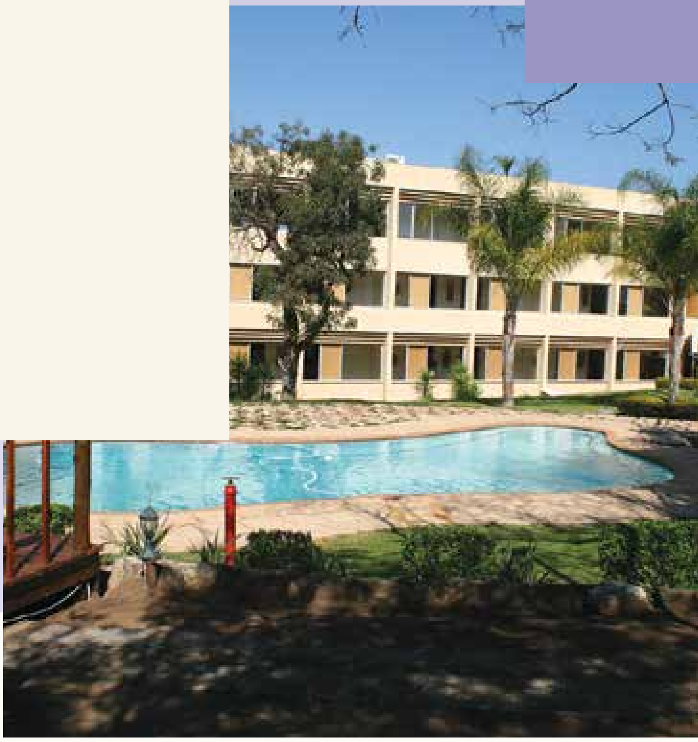
CONDITION	NUMBER OF ASSETS	PERCENTAGE
Good	514	9.92%
Normal	4 453	85.98%
Fair	212	4.09%
Scrap	0	0
TOTAL	**5 179**	**100%**

- **Major maintenance projects that have been undertaken during the period under review**

  None

- **Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog increased 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

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority, of the public entity, are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The dates of Portfolio Committee meetings:

THE DATES OF MEETINGS	PURPOSE
19 April 2016	Deliberations on the 2016/17 Budget and APP
1 September 2016	Consideration of the 2016/17 1st Quarter Report
25 October 2016	Deliberations on the 2016/17 Annual Report
21 February 2017	Consideration of the 2016/17 2nd Quarter Performance Reports and Audit Committee Report
15 March 2017	Consideration of the 2016/17 3rd Quarter Performance Reports and Audit Committee Report

AREAS OF RISK AND ACTIONS THE PUBLIC ENTITY UNDERTOOK

AREA OF RISK	ACTION
The entity must continue to prioritise the timely renewal of its accreditation certificates and strengthening of the learner certification processes.	The process of accreditation starts with the Skills Development Provider informing SETA of the request for renewal in writing; and it is upon the SETA to decide on the date to conduct a compliance audit for the renewal. At times the audit checklist is sent to skills development providers prior to the audit but not similar to the final checklist used on the day of the audit. These situations make it complex for the skills development providers to put together all required material well in advance. However the entity will in future invite SETA three (3) months in advance to conduct a compliance audit for the renewal of the accreditation so as to accommodate such situations.
All student complaints and queries must be addressed efficiently by the entity and communication channels with the students must be strengthened. Learners who need security clearance must be vetted before they are enrolled and the process must be explained to them when they enrol in order to avoid misunderstandings.	The entity has implemented a process to address learner queries so as to improve the communication channels between the entity and the students. In terms of the new process, the recruited learners will be informed of the procedures to be followed when lodging a complaint; this will be done during induction of learners. Security clearance and vetting will be explored for the new recruits in order to avoid unnecessary misunderstanding in the process. Complaints and issues raised by learners were swiftly addressed and communicated to the learners.
The entity must improve in financial reporting and this matter should be a priority at every Board and management meeting. The entity needs to strive for standardisation with government procedures such as aligning with the 25% benchmark expenditure per quarter.	Management respectfully noted the committee recommendation and has duly implemented the recommendation to the committees during the 2016/17 financial year. The recommendation will continually be implemented for internal reporting, the Board of Directors and its various sub-committees. The entity is experiencing challenges in benchmarking expenditure per quarter on 25% as the expenditure pattern of the entity needs to be aligned with the academic year and thus enrolment of learners as well as the hospitality seasonality. In addition, management is making efforts to align in order to achieve standardisation with government procedures, that is, 25% benchmark expenditure per quarter where it is practically possible.
The entity must pursue the matter of ensuring that the legal youth wage is paid to the graduates from the entity and the Mshiniwami Training Academy.	The entity has contacted potential employers in all provinces to source work placement and even encouraged some to apply for wage subsidy as it is the responsibility of the employer to apply for the subsidy not Skills Development Provider. The entity encouraged the employers who were willing to accommodate learners to apply for tax incentive/employment wage subsidy.
Ensure that the approved organizational structure is correctly implemented and adequately funded in the year 2017/18 financial year.	The organisational structure has been duly funded in the budget for 2017/18 to enhance full implementation thereof. All the positions have been adequately catered for in the budget and the process of filling positions is underway.
Ensure that all critical funded positions are filled.	All critical funded positions will be filled in the financial year 2017/18. Interviews and assessments have been conducted for the positions of Spray Painting and Motor Repairs Practitioner, Supply Chain Manager and Human Resources Manager. The entity is in the process of finalising the offer of employments for assumption of duty before the end of the first quarter of 2017/18. Advertisement of other critical funded positions will commence as per the entities Policy and Procedures.

AREA OF RISK	ACTION
Update the Committee on the entity's implementation of the learner placement strategy and the current signed Service Level Agreement the entity has secured.	A placement plan has been drawn up with special dedication of particular provincial regions to specific placement officers and allocation of specific target numbers to each officer. These placement officers have commenced with the sourcing of employers for workplace employment of learners, and the signing of SLA's with more employers. Three placement officers have been moved over from Quality Assurance to program 2 to strengthen the learners' placement function, and to support the implementation of the placement strategy. Twenty one (21) service level agreements for Learners' placement have been signed with both private and public Institutions. The entity has further compiled a document to be used when we approach possible host employers to explain the benefits in placing learners received from the South African Revenue Services and also on their BEE scorecard rating.

3. EXECUTIVE AUTHORITY

Reports submitted to the Executive Authority and the dates submitted.

NAME OF REPORT	SUBMISSION DATE
4th Quarter (2015/2016)	28 April 2016
1st Quarter (2016/2017)	29 July 2016
2nd Quarter (2016/2017)	28 October 2016
3rd Quarter (2016/2017)	27 January 2017
Annual Report (2015/2016)	31 August 2016

The Executive Authority raised issues of dissatisfaction with the slow progress made in the Artisan Development Programme, particularly around matters of in-service training because there was a shortage of host employers to accommodate learners. The MEC visited several entities, including ESKOM and Sasol to negotiate for placement of learners.

The Executive Authority expressed satisfaction with the work that the entity is doing and really encouraged the fast tracking of process for certification of learners. The entity, in collaboration with other stakeholders, made positive strides to improve in this regard.

4. THE ACCOUNTING AUTHORITY (BOARD)

INTRODUCTION

The Board is the Accounting Authority of the entity and constitutes a fundamental base for the application of Corporate Governance Principles by the entity. The Board exercises and performs the powers and functions conferred and imposed upon the company by the Memorandum of Incorporation and Articles of Association. The two founding documents were not amended to comply with the Companies Act, 2008 (Act No. 71 of 2008) (New Companies Act) and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The Board provides strategic direction to the entity.

The role of the Board is as follows:

- Retaining effective control over the entity and monitoring management's implementation of the strategic plan, the annual performance plan, as well as the financial objectives, as approved by the Board.
- The Board is responsible to set the strategic direction and policy for the entity.
- In discharging these responsibilities the Board has established four committees namely, Finance and Remuneration Committee, Audit Committee, Risk and Governance Committees, Marketing and Technical Committee to assist the Board in fulfilling its roles and responsibilities.
- Written delegation of specific powers to the Chief Executive Officer and management, and reserving specific powers to the Board.
- Monitoring of the delegated powers to management.
- Approve the organisational Strategy and Annual Performance Plan and Performance Reports.
- Approval of budgets and financial statements.
- Ensuring that efficient systems of policies and procedures are in place and appropriate governance structures exist to ensure the efficient and effective running of the entity.
- Ensuring compliance with applicable laws and regulations, audit and accounting principles, MRTT's Code of Conduct, the King III Report and such other principles that may be established by the Board from time to time.
- Regularly reviewing and evaluating the risks to the business of MRTT and ensuring the existence of comprehensive and appropriate internal controls to mitigate such risks.
- Exercising objective judgment on the affairs of the entity, independent from management, but with sufficient

management information to enable proper and informed assessment.

- Ensuring that MRTT acts responsibly towards all relevant stakeholders who have a legitimate interest in its affairs.

BOARD CHARTER

- The Board is guided by a Charter which sets outs its responsibilities and the delegation of authority to its Committee and frequency of meetings. The Charter further makes provision for annual evaluation of the performance of the Board and its committees to assess the effectiveness and efficiency
- The Board satisfied its role of determining the entity's purpose, values, giving strategic direction, identifying key areas and monitoring the performance of the entity against set objectives. The Board has furthermore successfully advised on significant financial matters during the period under review.
- There is a clear division of responsibility between the Chairperson of the Board and the Chief Executive Officer.
- The Company Secretary's Office was aligned with the new Companies Act of 2008 to allow the situation whereby it works closely with the Chairperson of the Board and the CEO.
- The Board satisfied all the reporting and accountability requirements to the MEC of the Mpumalanga Department of Education, the Provincial Legislature, the Provincial Treasury and the Auditor-General's Office, as set out in the company's founding documents and the PFMA.
- With regard to the composition of the Board, the Board's composition is according to the terms set out in the Articles of Association.
- The Board made some recommendations to the MEC of the Mpumalanga Department of Education to ensure that the appointment to fill the vacancies and/or the appointment of a new Board is in compliance with the General Principles of Governance.
- The Board convened its meetings as set out in the Public Finance Management Act as well as the Articles of Association, and also convened additional special meetings to address issues of importance to the entity.
- The Board members adhere to the declaration of interests on an annual basis and, at each meeting, Board members are required to declare conflict of interest, if any.
- The Board established governance structures to facilitate efficient decision-making. It aligned the structures according to its mandate and Treasury prescripts.

COMPOSITION OF THE BOARD

The Board consists of eleven (11) members, nine (9) of which are non-executive members and one (1) who is the Chief Executive Officer responsible for the day-to-day running of the entity and one (1) who is the Head of Department at Mpumalanga Provincial Government for Education acting as ex-officio member of the Board. The Board is appointed by the Honourable MEC for Education in Mpumalanga Province.

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED (INCLUDING BOARD SUB-COMMITTEES)
Mrs FD Mthembu	Chairperson	01/06/2015	Not applicable	Primary School Teacher	Labour Relations Act	None	Labour Relations Act	8
Mrs ND Mashinini	Deputy Chairperson	01/06/2015	Not applicable	Degree in Psychology and Sociology	Marketing and public relations, Owner of Linga-Longa Guest House	None	Risk Committee & Marketing Committee	14
Dr JM Sibiya	Member	01/06/2016	Not applicable	Course in Marketing Management	Media and entertainment Johan Sibiya Promotions	None	Marketing Committee	11
Mr NN Kalidass	Member	01/06/2015	Not applicable	Diploma in Quality Assurance and Sugar Technology	Independent consultant	None	Marketing and Technical Committee	12

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED (INCLUDING BOARD SUB-COMMITTEES)
Mr PP Maoko	Member	01/06/2015	Not applicable	Human Resource	Former CEO Ceta, Labour Relations	None	Finance and Remuneration Committee & Technical Committee	18
Mr SM Dibakwane	Member	01/06/2016	Not applicable	BA and Honours Degree in Political Science, Post Graduate Diploma in Public Policy Advanced Management Development, Masters in Public Policy	Director Strategic Support and Stakeholder Management (Department of Transport)	None	Marketing Committee	14
Mr BM Singwane	Member	01/06/2015	Not applicable	LLB	Practising Attorney	National Department of Transport	Technical Committee & Audit Committee	10
Ms GA Deiner	Member	01/06/2015	Not applicable	BCompt; Professional Accountant (SA)	Accountant	MEGA and MGB	Audit Committee and Risk Committee	12
Mr RS Tshukudu	Member	01/06/2015	Not applicable	BCom Economics	Pensioner Former HOD – Finance Mpumalanga	None	Audit Committee, Technical Committee and Risk Committee	20

COMMITTEES

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Senior Management Committee	13	8	Mr R Oosthuizen Mr SM Makgoba Mr P Ramaboya Mrs S Sefanyetso Mr M Jafta Mr O Manamela Mr D Kola Ms KM Mohlala
Marketing Committee	3	7	Dr JM Sibiya Mrs Mashinini Mr NN Kalidass Mr R Oosthuizen Mr SM Makgoba Mr M Jafta Ms Z Khoza
Technical Committee	1	7	Mr PP Maoko Mr NN Kalidass Mr BM Singwane Mr P Ramaboya Mr Riaan Oosthuizen Mr M Jafta Ms KM Mohlala
Finance and Remuneration Committee	9	7	Mr PP Maoko Mr SM Dibakwane Mr RS Tshukudu Mr R Oosthuizen Mr M Jafta Mr SM Makgoba Mr N Mabena

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Risk and Governance Committee	3	7	Mr B Ahmed Mr RS Tshukudu Ms GA Deiner Mr BM Singwane Mrs ND Mashinini Mr R Oosthuizen Mr MG Jafta
Audit Committee	6	7	Mr JK Sithole Mr B Ahmed Mr RS Tshukudu Mr BM Singwane Ms GA Deiner Mr M Jafta Mr R Oosthuizen
Board of Directors	7	11	Mrs FD Mthembu Mrs ND Mashinini Mr NN Kalidass Dr JM Sibiya Mr PP Maoko Mr RS Tshukudu Mr R Oosthuizen, Ex Officio Mrs MOC Mhlabane, Ex Officio Mr SM Dibakwane Ms GA Deiner Mr BM Singwane

REMUNERATION OF BOARD MEMBERS

Members of the Board are remunerated in terms of South African Revenue Services (SARS) and Treasury Regulations.

Those members that are not remunerated:

- Mr R Oosthuizen – Ex Officio member (CEO: MRTT)
- Mrs MOC Mhlabane – Ex Officio member (Head: Education)

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mrs FD Mthembu	R 439 915	R 9 000	R 99 875	R 548 790
Dr J Sibiya	R 198 172	R 4 500	R 102 793	R 300 965
Mr PP Maoko	R 163 955	R 4 500	R 69 493	R 237 948
Mr BM Singwane	R 119 969	R 4 500	R 29 478	R 153 947
Mr NN Kalidass	R 198 711	R 4 500	R 46 237	R 249 448
Mrs ND Mashinini	R 232 218	R 4 500	R 79 362	R 316 080
Mr SM Dibakwane	R 5 046	R 4 500	R 19 539	R 29 086
Ms GA Deiner	R 139 339	R 4 578	R 33 481	R 177 398
Mr RS Tshukudu	R 269 297	R 4 500	R 48 477	R 322 274

5. RISK MANAGEMENT

- The entity has a Risk Management Policy and Strategy in place, which is being fully implemented.
- The entity has a Risk Management and Governance Committee who advises Management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.
- The Audit Committee advises the public entity on risk management and independently monitors the effectiveness of the system of risk management.
- The implementation of a risk management plan has progressed satisfactorily and is supported by the National Treasury.

6. INTERNAL CONTROL UNIT

The internal audit function was outsourced to SS Sithole Auditors for the period under review. The internal auditors performed an audit on four quarterly reports and issued four audit reports for the current financial year. These reports were presented during Audit Committee sittings.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

KEY ACTIVITIES AND OBJECTIVES OF INTERNAL AUDIT

The following are key activities of Internal Audit:

- Preparing a three-year rolling strategic internal audit plan, based on the risk assessment of MRTT.
- Developing an annual audit plan for the first year of the three-year rolling plan, using an appropriate risk-based methodology, including any risks or control concerns identified by Management, and submitting this together with the three-year rolling plan to the Audit Committee for review and approval.
- Implementing the annual audit plan, as approved, including as appropriate any special tasks or projects requested by Management and the Audit Committee.
- Maintaining professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.
- Issuing periodic reports to the Audit Committee and Management summarising the results of audit activities.
- Keeping the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assisting with the investigation of significant suspected fraudulent activities within the MRTT, and notifying Management and the Audit Committee of the results.
- Considering the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to MRTT at a reasonable overall cost.

SPECIFIC SUMMARY OF AUDIT WORK DONE

During the year under review, the Internal Audit conducted audit and review on the following areas:

- Risk Assessment Facilitation - 2016/2017
- Financial Management
- Budget Management
- Human Resources Management
- Marketing
- Stakeholder Management
- Supply Chain Management
- Asset Management Review
- Inventory Management
- Debtors Management Review
- Information and Communication Technology
- Legal and Compliance Review
- Technical Training Centre
- Hotel and Tourism Academy
- Comprehensive Rural Development Programme
- Artisan Development Programme
- Corporate Governance and Risk Management
- Follow-Up Reviews
- Audit of Performance Information

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

Key objectives of Internal Audit

- Obtaining an understanding of Management's process of evaluating the effectiveness of the entity's internal control.
- Performing procedures to obtain sufficient evidence about the design, effectiveness and operating effectiveness of the entity's internal controls.

- Assisting Management and the Board in the effective discharging of their duties.
- Assist the Board in monitoring the integrity of the financial statements and overseeing the performance reports. It is responsible for the effectiveness of the internal financial and the entity's controls, oversees external and internal audit functions and governance.

The Audit Committee's primary objectives are as follows:

- Serving as an independent and objective party to monitor and strengthen the objectivity and credibility of MRTT's financial reporting process and internal control system.
- Communicating with the audit functions, and review and appraise the efforts of external audit and the internal audit function.
- Providing an open avenue of communication among Senior Management, the external auditors, the internal audit function and the Executive.
- Facilitating the imposition of discipline and control, thus reducing the opportunity for fraud.
- The Committee will make appropriate recommendations, based on its findings, to the MRTT Board.

KEY ACTIVITIES OF THE AUDIT COMMITTEE

- Reviewing the AFS and interim reports.
- Monitoring the internal control process and the adequacy of MRTT's system of internal control by reviewing internal and external audit reports.
- Monitoring compliance with laws, regulations and policies.
- The Audit Committee will review and approve the Internal Audit Charter.
- Assisting in carrying out or completing the annual audits as contracted to the external audit function by the Auditor-General.
- Resolving any disagreements between Management and the auditors regarding financial reporting.
- The Committee operates in terms of its Charter, which incorporates roles and responsibilities prescribed by the PFMA. The Committee meets four (4) times a year and as the need arises, a special meeting may be convened.

The Audit Committee comprises of five (5) members, of which two (2) members are independent from the Board and three (3) are Non-Executive Directors of the Board. The CEO, CFO and the Programme Managers responsible for the sub-programmes and performance monitoring are part of Management representation in all Committee meetings. The internal and external auditors are standing invitees to the committee meetings. The committee meets at least four times annually and as the need arises, a special meeting may be convened. The committee usually meets once prior to a Board meeting .

The table 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
MR JK Sithole	BCom (Unin), BCompt (SA)	External	External	11 August 2015	Still serving	6
Mr ABC Ahmed	BCom (Info Science), BCompt (Honours), CA	External	External	11 August 2015	Still serving	4
Mr RS Tshukudu	BCom Economics	External	External	07 June 2016	Still serving	7
Mrs GA Deiner	BCompt, Professional Accountant (SA)	External	External	07 June 2016	Still serving	5
Mr BM Singwane	LLB	External	External	07 June 2016	Still serving	4

8. COMPLIANCE WITH LAWS AND REGULATIONS

The entity developed policies and procedures in line with legislation, including Treasury Regulations. Regular workshops and information-sharing sessions are conducted for the members of staff to ensure knowledge and implementation of policies. Quarterly reports are developed and submitted to oversight institutions and bodies. These reports are then discussed with the internal auditors, as well as with the Audit Committee, where recommendations are made and implemented, to ensure full compliance with legislation

9. FRAUD AND CORRUPTION

The entity has a fraud prevention plan that was adopted and approved. The plan is functional and operational.

Disclosures on different committees are made during meetings and the entity has also set up a toll-free number is available to report fraud cases. Upon receipt of any reported case, the entity commissions an investigation with strict confidentiality and disciplinary procedures are instituted where necessary. A database of all cases has been developed and maintained for future reference.

10. MINIMISING CONFLICT OF INTEREST

The entity undergoes a process of declaration of interest whenever the committee sits to adjudicate and deal with other SMC processes. All employees in the entity were directed not to conduct any business with the entity. The Code of Conduct clearly stipulates that employees must:

- not allow their personal interests to come into conflict with their duties at MRTT; and
- not to do business with MRTT.

Any employee of the entity found to have not declared interests in any tender or procurement process, will be liable for a fine or even face expulsion or dismissal.

11. CODE OF CONDUCT

The MRTT Code of Conduct/Ethics commits the organisation to the principles of honesty, integrity and accountability. It ensures that MRTT employees are accountable to all MRTT stakeholders, ensuring that the institution's business is conducted in accordance with the highest standards of corporate governance. In addition, employees should always conduct themselves in an ethical manner. The Code of Conduct contains ethical guidelines for everyday events.

When the Code of Conduct has been breached, the employee alleged to have breached the Code of Conduct will be notified in writing. An investigation will be carried out to establish the facts surrounding the circumstances of the breach, and a recommendation will be made based on the findings of the investigator. The employee alleged to have contravened the Code of Conduct is notified in writing of the outcome of the investigation. Management will then implement the recommendations of the investigation report. If the investigation report recommends disciplinary action, disciplinary action will be taken in terms of the MRTT Disciplinary Code and Procedures.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The MRTT Health and Safety Policy aims to eliminate incidents, minimise risks, responsibly manage health and safety issues and enable excellence in operations and business performance, while providing a workplace that takes into account the safety and wellbeing of staff members and service providers. MRTT conducts its business with respect and care for both people and the environment.

13. COMPANY SECRETARY

The position of the Company Secretary has been in existence since the incorporation of the company. The Company Secretary has played a limited role in the entity. However, the current arrangement has corrected the situation and, going into the future, the role and responsibilities of the same have been correctly defined. During the period under review, the role of the Company Secretary entailed the following:

- Providing the directors with guidance as to their duties, responsibilities and powers.
- Ensuring that the directors are aware of all laws and legislation relevant to the company and reporting at meetings where these laws have not been complied with.
- Ensuring that the minutes of directors meetings and other meetings are correctly recorded.
- Certifying in the annual financial statements that the company has lodged all relevant returns with the Registrar
- Ensuring that a copy of the annual financial statements is sent to every person entitled to receive it.
- Reporting to the Board on any failure of the company or a director to comply with the Memorandum of Incorporation or rules of the company.
- Carrying out the functions of a person designated in terms of section 33(3), of the Companies Act 71 of 2008 which relates to the designation of a person in the annual return who will be responsible for transparency, accountability and integrity.
- Developing the year plan for the Board and all Board committee meetings.
- Budgeting and doing budget management for the Board and all Board committees.
- Coordinating Board and Board committee meetings.
- Monitoring Board compliance.

14. SOCIAL RESPONSIBILITY

As part of our social responsibility, the Mpumalanga Regional Training Trust (MRTT) collaborated with the Department of Education on a number of campaigns like the Mandela Month activities and the Rhandza Xi kolo Xawena Campaigns. These campaigns were aimed at renovating the identified schools through carpentry, painting, plumbing and bricklaying

- Renovated Bankfontein Combined School in Middleburg
- Built an administration block at Mpilonhle Primary School in Dullstroom
- Renovated Siyakhula Primary School in Pienaar
- Built an ablution block at Buyani Primary School in Secunda
- Renovated Barberton High School in Barberton
- Renovated Tibambeleni Primary School in Pienaar

The entity has also participated in community-building projects in renovations as follows:

- Renovated eMalahleni, Middelburg and Kwa-Mhlanga Provincial Hospitals
- Renovated Masana Hospital in Bushbuckridge
- Built a house in Waterval Boven for a destitute family

The entity also offered financial assistance programmes in construction-related trades in Kabokweni and Pankop.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. 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.

THE EFFECTIVENESS OF INTERNAL CONTROL

We are of the opinion, based on the information and explanations given by management and the internal audit and discussions with the external auditors (AGSA) on the results of its audits, that internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the annual financial statements, accountability for assets and liabilities is maintained. According to various reports from the internal auditors, the audit report on the annual financial statements as well as the management report of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. We can report that the system of internal control for the period under review was effective although it requires improvements.

IN-YEAR MANAGEMENT AND QUARTERLY REPORT

The public entity has submitted quarterly reports to the Mpumalanga Department of Education as required by the PFMA.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the public entity for the year ended 31 March 2017 and we are satisfied that the matters have been adequately resolved.

AUDITOR'S REPORT

The Audit Committee concurs and accepts the conclusions of the Auditor-General 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-General.

Mr JK Sithole
Chairperson of the Audit Committee
Mpumalanga Regional Training Trust

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

- **Overview of HR matters at the public entity**

  The Human Resource Sub-Programme is responsible for the strategic management of the overall human resource planning and provisioning of logistical service in order to ensure effective human resource administration within MRTT.

- **Set HR priorities for the year under review and the impact of these priorities**
  - Facilitated the implementation of Performance Management System (PMS);
  - Facilitated and monitored the review of Human Resources Policies;
  - 12 Payroll reports were generated;
  - Provided efficient and effective administration support which is responsible, accountable and transparent; and
  - Developed programmes for the implementation of labour and other related legislation.

- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

  No specific strategies were implemented to attract and recruit a skilled and capable workforce in the year under review.

- **Employee performance management framework**

  Performance Management System has been implemented according to the policy to all permanent employees.

- **Employee wellness programmes**

  Employee wellness programme was implemented.

- **Policy development**
  - Human Resource Strategic plan was developed.
  - Employee Retention Policy developed and implemented.
  - The Employment Equity Plan has been updated.

- **Highlight achievements**
  - Performance Management System was successfully implemented.
  - Employees were trained in line with their Personal Development Plan.
  - The entity has promoted and maintained sound employee relations.

- **Challenges faced by the public entity**

  The entity could not recruit women and people living with disabilities as artisans and other key positions. No suitable candidates from the targeted group was appointed.

- **Future HR plans/goals**
  - To ensure that Human Resources work and functions add measurable value, and deliver business results.
  - To develop Human Resource programme, strategies, systems and processes that are linked to MRTT strategic objectives.
  - To upgrade the skills of employees, improve work performance and accelerate service delivery.
  - To continue with the implementation of the institutional transformation and change.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Hospitality and Tourism*	16 806	13 326	79%	45	296
Technical Training Operations**	131 517	26 813	20%	80	335
Corporate Services***	43 486	22 194	51%	48	462
TOTAL	**191 809**	**62 333**	**32%**	**173**	**360**

* The number of permanent employees is forty (40) and five (5) fixed-term employees, employed under Programme one (1) – The HTA

** The number of permanent employees is twenty-three (23) and fixed-term contract employees, employed under program two (2) (Technical Training Operations) is fifty-five (57) employed on different training programmes

*** The number of permanent employees is thirty-six (36) and twelve (12) fixed-term contract employee employed under three (3) - Corporate Services

PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	5 632	9%	3	1 877
Senior Management	8 608	13%	8	1 076
Professional qualified	5 585	9%	12	465
Skilled	32 210	52%	75	429
Semi-skilled	7 159	12%	33	217
Unskilled	3 139	5%	42	75
TOTAL	**62 333**	**100%**	**173**	**360**

PERFORMANCE REWARDS

PROGRAMME	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	118	5 632	2%
Senior Management	80	10 787	0.74%
Professional qualified	222	8 608	2.6%
Skilled	722	29 502	2.4%
Semi-skilled	222	4 664	4.7%
Unskilled	66	3 140	2%
TOTAL	**1 430**	**62 333**	**2.3%**

TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE (R'000)
Hospitality and Tourism	13 325	30	0.2%	2	15
Technical Training Operations	26 814	28	0.1%	3	9
Corporate Services	22 194	56	0.2%	4	14
TOTAL	**62 333**	**114**	**0.2%**	**9**	**13**

EMPLOYMENT AND VACANCIES

PROGRAMME	2016/2017 NO. OF EMPLOYEES	2016/2017 APPROVED POSTS	2015/2016 NO. OF EMPLOYEES	2016/2017 VACANCIES	2016/2017 % OF VACANCIES
Hospitality and Tourism	34	40	42	6	15%
Technical Training Operations	23	25	23	2	8%
Corporate Services	36	40	40	4	10%
TOTAL	**93**	**105**	**105**	**12**	**11%**

PROGRAMME	2016/2017 NO. OF EMPLOYEES	2016/2017 APPROVED POSTS	2015/2016 NO. OF EMPLOYEES	2015/2016 VACANCIES	% OF VACANCIES
Top Management	3	5	1	1	1%
Senior Management	8	13	4	1	25%
Professionally Qualified	7	11	13	4	31%
Skilled	36	39	42	2	5%
Semi-skilled	24	20	31	2	6%
Unskilled	15	17	14	2	14%
TOTAL	**93**	**105**	**105**	**12**	**11%**

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF PERIOD
Top Management	1	2	0	3
Senior Management	4	4	0	8
Professionally Qualified	13	0	6	7
Skilled	42	0	6	36
Semi-skilled	31	0	7	24
Unskilled	14	1	0	15
TOTAL	**105**	**7**	**19**	**93**

* During the period under review 129 fixed-term contract employees were appointed on projects and their contracts expired. Four (4) employees resigned during this period.

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	3	75%
Dismissal	0	0%
Retirement	1	25%
Ill health	0	0%
Other	0	0%
TOTAL	**4**	**100%**

Employees leave the organisation for career advancement and our records show that they leave the organisations to take up senior positions in the public or private sector. After attempts to retain the staff members have failed, then the recruitment and selection process commences to find a suitable replacement.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

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

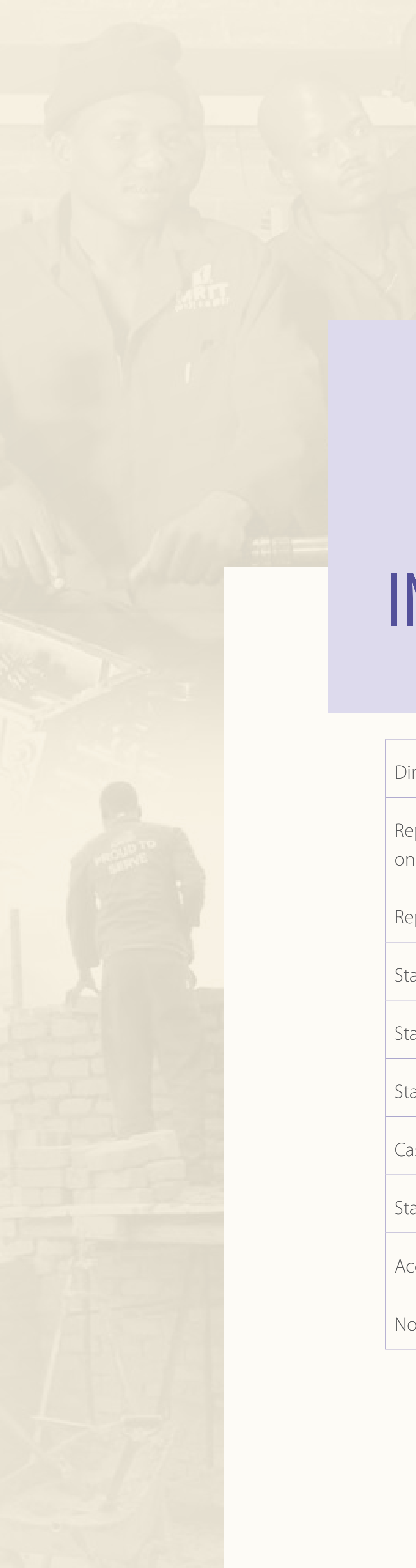
EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	2	0	0	0	0	1	0
Senior Management	6	1	0	1	0	0	0	0
Professionally Qualified	10	0	0	1	0	0	0	0
Skilled	12	0	0	1	0	0	1	0
Semi-skilled	15	0	0	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
TOTAL	**50**	**3**	**0**	**3**	**0**	**0**	**2**	**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
Professionally Qualified	3	2	0	1	0	0	1	1
Skilled	15	0	0	2	0	0	0	0
Semi-skilled	12	0	0	0	0	0	0	0
Unskilled	10	0	0	0	0	0	0	0
TOTAL	**40**	**3**	**0**	**3**	**0**	**0**	**1**	**1**

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professionally Qualified	0	1	0	1
Skilled	0	2	0	3
Semi-skilled	0	3	0	3
Unskilled	0	3	0	3
TOTAL	**0**	**9**	**0**	**10**

PART E
FINANCIAL INFORMATION



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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors 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 Directors 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 auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors 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 Directors to meet these responsibilities, the Board of Directors 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 Directors are of the opinion, based on the information and explanations given by management, that 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 Directors have reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, and are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board of Directors is primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The external auditors are responsible for independently auditing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 64.

The Annual Financial Statements set out on pages 63 to 101, which have been prepared on the going-concern basis, were approved by the Board of Directors on 26 May 2017 and were signed on its behalf by:

Mrs FD Mthembu
Chairperson of the Board of Directors

Mr R Oosthuizen
Chief Executive Officer

Report of the auditor-general to the Mpumalanga Provincial Legislature on the Mpumalanga Regional Training Trust

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 63 to 101, which comprise the statement of financial position as at 31 March 2017, the 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 the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act).

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the 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.

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

Emphasis of matter

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

Material impairments

7. As disclosed in note 4 to the financial statements, material losses of R1 968 765 were incurred as a result of the write-off of irrecoverable trade debtors due to poor collection practices.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Companies Act, 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.

9. 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 intention is to either liquidate the entity or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 1 – hospitality and tourism academy	21 – 25
Programme 2 – technical training operations	25 – 30

15. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

    - Programme 1 – hospitality and tourism academy
    - Programme 2 – technical training operations

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 21 to 43 for information on the achievement of the planned targets for the year and the explanations provided for the under- or overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for programme 1 – hospitality and tourism academy and programme 2 – technical training operations. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material finding in respect of the compliance criteria for the applicable subject matter is as follows:

Procurement and contract management

22. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.4. Deviations were approved by the accounting authority even though it was not impractical to invite the competitive bids, in contravention of treasury regulation 16A6.4.

Other information

23. The accounting authority of the public entity is responsible for the other information. The other information comprises the 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. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

26. I have read the other information included in the draft annual report and have nothing to report in this regard.

27. I have not yet received the final annual report containing the other information. When I do receive this information, and if I conclude that it contains a material misstatement, I am required to communicate the matter to those charged with governance and to request the other information to be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

Financial and performance management

29. Management did not fully implement proper internal controls regarding compliance with laws and regulations.

Auditor-General

Mbombela

31 July 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE ACCOUNTING AUTHORITY

The accounting authority has pleasure in presenting its report for the year ended 31 March 2017.

1. REVIEW OF ACTIVITIES

Main business and operations

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 2017: R25 186 883

Surplus 2016: R1 046 834

2. POST-BALANCE SHEET EVENTS

There were no significant subsequent events to year end and the directors are not aware of any material matter or circumstances arising since the end of the financial year.

3. DIRECTORS' INTEREST IN CONTRACTS

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

4. DIRECTORS

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

Mrs FD Mthembu – Chairperson
Mrs ND Mashinini – Deputy Chairperson
Dr. MJ Sibiya - Non-Executive Director
Mr PP Maoko - Non-Executive Director
Mr BM Singwane - Non-Executive Director
Mr NN Kalidass - Non-Executive Director
Mr SM Dibakwane - Non-Executive Director
Ms GA Deiner - Non-Executive Director
Mr RS Tshukudu - Non-Executive Director
Mrs MOC Mhlabane - Ex Officio
Mr R Oosthuizen - Ex Officio

5. SECRETARY

The secretary of the company during the year was Ms KM Mohlala.

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

6. 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.

7. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The entity incurred Irregular expenditure of R4 621 657 in the current financial year and for the prior financial year the expenditure was R1 736 937.

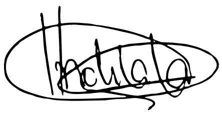
The entity incurred fruitless and wasteful expenditure of R5 530 in the current financial year and in the prior financial year the amount incurred was R5 418.

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

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.



Ms KM Mohlala
Company Secretary
Emalahleni

26 May 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	NOTES	2017 R	2016 R
Assets			
Current Assets			
Inventories	3	310,954	243,600
Receivables from exchange transactions	4	5,784,045	2,446,627
Inter Company Account - Royal Hotel	27	2,169,308	2,998,955
Cash and cash equivalents	5	134,204,626	75,065,106
		142,468,933	**80,754,288**
Non-Current Assets			
Property, plant and equipment	6	69,089,413	73,691,599
Intangible assets	7	13,399	153,505
Investment in controlled entity	27	100	100
		69,102,912	**73,845,204**
Total Assets		**211,571,845**	**154,599,492**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	94,521,595	63,421,422
Provision for employee benefits	9	5,602,618	4,917,321
		100,124,213	**68,338,743**
Total Liabilities		**100,124,213**	**68,338,743**
Net Assets		**111,447,632**	**86,260,749**
Reserves	31	60,119,385	60,119,385
Accumulated surplus		51,328,247	26,141,364
Total Net Assets		**111,447,632**	**86,260,749**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 R	2016 R
Revenue			
Revenue from exchange transactions			
Revenue from Exchange transactions	10	39,132,039	49,550,086
Other revenue	11	7,047	25,309
Total revenue from exchange transactions		**39,139,086**	**49,575,395**
Revenue from non-exchange transactions			
Transfer revenue			
Revenue from non-exchange transactions	12	97,834,000	92,734,000
Total revenue		**136,973,086**	**142,309,395**
Expenditure			
Personnel	13	(60,922,707)	(74,013,880)
Administrative	14	(7,049,128)	(7,390,996)
Depreciation and amortisation	6 & 7	(4,903,933)	(4,957,518)
Debt impairment	4	(772,671)	(750,686)
Other operating Expenses	15	(38,137,764)	(54,149,481)
Total expenditure		**(111,786,203)**	**(141,262,561)**
Surplus for the year		**25,186,883**	**1,046,834**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2017

	OTHER NDR R	ACCUMULATED SURPLUS R	TOTAL NET ASSETS R
Balance at 1 April, 2015	**60,119,385**	**25,094,530**	**85,213,915**
Changes in net assets			
Surplus for the year	-	1,046,834	1,046,834
Total changes	**-**	**1,046,834**	**1,046,834**
Balance at 1 April, 2016	**60,119,385**	**26,141,364**	**86,260,749**
Changes in net assets			
Surplus for the year	-	25,186,883	25,186,883
Total changes	**-**	**25,186,883**	**25,186,883**
Balance at 31 March, 2017	**60,119,385**	**51,328,247**	**111,447,632**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 R	2016 R
Cash flows from operating activities			
Cash receipts from stakeholders			
Cash receipts from government entities (Transfer)		97,834,000	92,734,000
Cash receipts from own generated income		16,383,272	19,348,806
Interest received		6,745,019	3,857,768
Other cash items (Artisan Development Programme)		130,981,000	128,354,000
		251,943,291	**244,294,574**
Cash paid to stakeholders			
Personnel and Suppliers		(192,680,891)	(197,913,509)
Net cash flows from operating activities	17	**59,262,400**	**46,381,065**
Cash flows from investing activities			
Purchase of fixed assets	6	(461,840)	(1,483,805)
Proceeds from the disposal of assets (Insurance)		338,960	63,160
Net cash flows from investing activities		**(122,880)**	**(1,420,645)**
Net increase / (decrease) in cash and cash equivalents		59,139,520	44,960,420
Cash and cash equivalents at the beginning of the year		75,065,106	30,104,686
Cash and cash equivalents at the end of the year	5	**134,204,626**	**75,065,106**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL AMOUNTS ON COMPARABLE BASIS R	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R	NOTES
STATEMENT OF FINANCIAL PERFORMANCE						
Revenue						
Revenue from exchange transactions						
Revenue from Exchange Transactions	37,414,007	-	37,414,007	39,132,039	1,718,032	28.1
Other revenue	-	-	-	7,047	7,047	
Total revenue from exchange transactions	**37,414,007**	**-**	**37,414,007**	**39,139,086**	**1,725,079**	
Revenue from non-exchange transactions						
Taxation revenue						
Transfers from other Government Entities	97,834,000	-	97,834,000	97,834,000	-	28.2
Total revenue	**135,248,007**	**-**	**135,248,007**	**136,973,086**	**1,725,079**	
Expenditure						
Personnel	(59,909,647)	-	(59,909,647)	(60,922,707)	(1,013,060)	28.3
Goods and services	(72,887,734)	-	(72,887,734)	(50,863,496)	22,024,238	28.4
Capital Expenditure	(2,450,626)	-	(2,450,626)	(461,840)	1,988,786	28.5
Total expenditure	**(135,248,007)**	**-**	**(135,248,007)**	**(112,248,043)**	**22,999,964**	
Surplus before taxation	**-**	**-**	**-**	**24,725,043**	**24,725,043**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**24,725,043**	**24,725,043**	

Reconciliation

Basis difference	
Depreciation and amortisation	4,903,933
Accruals	2,180,634
Provision for employee benefits	5,690,723
Debt impairment	772,671
Actual Amount in the Statement of Financial Performance excluding the non cash items	**38,273,004**

ACCOUNTING POLICIES

1. BASIS FOR PREPARATION

1.1 BASIS FOR MEASUREMENT

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

1.1a Standards Approved but not yet effective

GRAP 20	Related party disclosure
GRAP 32	Service Concession Arrangement Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting Principals and Agents
GRAP 110	Living and Non-Living Resources

No effective date has been determined by the Minister of Finance

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 Rands has been rounded to the nearest rand, unless otherwise stated.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Preparation of Annual Financial Statements

The preparation of the Annual 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 inventory

An allowance to write inventory 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, 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.

1.4 GOING CONCERN

These annual 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 reduced by appropriate allowances for impairment and bad debts written off. Accounts receivables are financial assets that have fixed or determinable payments and are not quoted in an active market.

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 event that occurred during the reporting year. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debtor is impaired.

For customers who have defaulted, management makes judgement 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.

2.2 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.

2.3 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.

Derecognition

MRTT derecognises a financial asset (or where applicable part thereof) only when:

- the right to receive cashflows from the asset have expired;
- MRTT retains the right to receive cashflows 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 cashflows 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 of 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 cashflows 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 rates and equity prices will affect the entity's 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.

Provisions

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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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.

Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MRTT ; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

2.4 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 reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from non-exchange transactions

Transfers from other government entities are recognized as income only when there is reasonable assurance that the grant will be received from government during the relevant financial year.

Revenue from service-based activities is recognised after making an appropriate adjustment for the provision of future services. This deferred income provision is determined by the amount of work that still needs to be performed in relation to the total transaction.

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.

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

Rental income is recognised on a straight line over the term of the lease.

Gains or losses on disposal of property, plant and equipment

Gains or losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds to the carrying amounts.

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.

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.

3. 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 except for Land and Buildings which is at fair value.

Recognition

The cost of an item of property, plant and equipment 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 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 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

Repairs and maintenance, 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 value at the end of its useful life, 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 which are depreciated on the straight-line method over the following periods:

Machinery and equipment	20 years
Motor vehicles	10 years
Office equipment	20 years
Office furniture	20 years
Domestic equipment	20 years
Computer equipment	10 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.

Derecognition

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 classified as revenue.

Immovable assets

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.

Useful life

Buildings	20 years

4. 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 years.

Derecognition

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.

5. INVENTORIES 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 cost is their fair value as at the date of acquisition.

Measurement after recognition

Inventories are measured at the lower of cost or 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.

The cost of inventories is assigned by using the first-in, first-out (FIFO) method.

6. 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 Statement of Financial Performance.

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.

7. 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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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.

8. 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 charged against revenue on a straight-line basis over the term of the lease.

9. EMPLOYEE BENEFITS LEAVE BENEFITS

Annual leave is provided over the period the leave accrues. In the case of accumulating compensated leave benefit, the Mpumalanga Regional Training Trust recognizes the cost when the employee renders the service that increases their entitlement to the future compensated absences. In the case of non-accumulating compensated absences, the Mpumalanga Regional Training Trust recognizes the leave cost when the absence occurs.

Annual bonus plans

The Mpumalanga Regional Training Trust recognizes the expected cost of annual bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made by the Mpumalanga Regional Training Trust. The Mpumalanga Regional Training Trust considers the present obligation to exist when the Mpumalanga Regional Training Trust has no realistic alternative but to make the payments related to performance bonuses.

Retirement benefits

The Mpumalanga Regional Training Trust contributes to the employees' retirement benefits through a contribution to the funded defined contribution plan. Once the Mpumalanga Regional Training Trust has paid the contributions, the Mpumalanga Regional Training Trust has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

Medical benefits

The Mpumalanga Regional Training Trust contributes to the employees' medical benefits through a contribution to the employees' medical aid scheme. Once the Mpumalanga Regional Training Trust has paid the contributions, the Mpumalanga Regional Training Trust has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

The Mpumalanga Regional Training Trust has no payment obligations for retired employees; as such no provision is made for post-retirement medical benefits.

10. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure other than unauthorised expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act 1999 (Act No.1 of 1999).

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of Government or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act 1999 (Act No.1 of 1999).

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

All unauthorized, irregular, fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

11. RELATED PARTY TRANSACTIONS

The Mpumalanga Regional Training Trust constitutes part of the Mpumalanga 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:

 (i) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the reporting entity;

 (ii) Associates (see IPSAS 7, "Investments in Associates");

 (iii) 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;

 (iv) Key management personnel, and close members of the family of key management personnel; and

 (v) 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 parties: [IPSAS .12]

(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).

12. 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 cashflows of the entity 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 entity; 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.

13. PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS.

MRTT presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement in accordance with Standards of GRAP. The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

(a) the approved and final budget amounts;

(b) the actual amounts on a comparable basis; and

(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

14. EVENTS AFTER THE REPORTING DATE

Events after the 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:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

MRTT shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

MRTT shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

MRTT shall not prepare its financial statements on the going concern basis if management determines after the reporting date either that there is an intention to liquidate the entity or to cease operating, or that there is no realistic alternative but to do so.

MRTT shall disclose the date when the financial statements were authorised for issue and who gave that authorisation.

If MRTT receives information after the reporting date, but before the financial statements are authorised for issue, about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information.

15. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. INVENTORIES

	2017 R	2016 R
Inventories	310,954	243,600

Inventory pledged as security

Inventory was not pledged as security. :

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017 R	2016 R
Allowance for impairment	(855,326)	(2,051,420)
Deposits	3,500	3,500
Prepaid expenses	-	275,800
Grosss trade receivables	8,604,636	4,218,747
Bad debts written off	(1,968,765)	-
	5,784,045	**2,446,627**

Reconciliation of provision for impairment of trade and other receivables

	2017 R	2016 R
Opening balance	2,051,420	1,300,734
Provision for impairment	772,671	750,686
Amounts written off as uncollectible	(1,968,765)	-
	855,326	**2,051,420**

5. 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 comprise the following:

	2017 R	2016 R
Cash on hand	13,946	7,993
Bank balances	9,031,962	14,050,914
Short-term deposits	125,158,718	61,006,199
	134,204,626	**75,065,106**
Included in Cash and Cash equivalents above is an amount which has been ringfenced for the Artisan Development Programme.	89,289,782	57,006,511

6. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land and Buildings	81,522,351	(20,999,798)	60,522,553	81,522,351	(17,192,788)	64,329,563
Machinery and Equipment	3,953,428	(1,312,341)	2,641,087	3,985,691	(1,162,548)	2,823,143
Office furniture	5,465,972	(2,878,161)	2,587,811	5,448,304	(2,615,228)	2,833,076
Motor vehicles	3,191,797	(2,026,085)	1,165,712	3,399,764	(1,838,685)	1,561,079
Office equipment	971,712	(439,199)	532,513	971,712	(390,890)	580,822
Computer equipment	1,756,564	(898,520)	858,044	1,718,373	(788,340)	930,033
Domestic equipment	1,295,939	(514,246)	781,693	1,089,431	(455,548)	633,883
Total	**98,157,763**	**(29,068,350)**	**69,089,413**	**98,135,626**	**(24,444,027)**	**73,691,599**

The land and buildings were revalued on 27 March 2015 by an independent appraiser registered as a Professional Associated Valuer with the South African Council for the Property Valuers Profession on a depreciated net replacement value with reference to recent market transactions on an arm's length basis. The next revaluation will be performed by the entity during the year ending 31 March 2020. 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 arm's length terms.

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2017

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	TOTAL R
Land and Buildings	64,329,559	-	-	(3,807,010)	60,522,549
Machinery and Equipment	2,823,147	110,951	(109,857)	(183,149)	2,641,092
Office Furniture	2,833,075	17,668	-	(262,933)	2,587,810
Motor vehicles	1,561,079	-	(134,916)	(260,451)	1,165,712
Office equipment	580,822	9,325	(9,287)	(48,347)	532,513
Computer Equipment	930,034	117,388	(46,140)	(143,238)	858,044
Domestic Equipment	633,883	206,508	-	(58,698)	781,693
	73,691,599	**461,840**	**(300,200)**	**(4,763,826)**	**69,089,413**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2016

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	TOTAL R
Land and Buildings	68,147,002	-	-	(3,817,443)	64,329,559
Machinery and Equipment	1,959,032	1,044,494	-	(180,379)	2,823,147
Office furniture	2,927,423	170,397	-	(264,745)	2,833,075
Motor vehicles	1,782,765	46,900	-	(268,586)	1,561,079
Office equipment	607,868	21,430	-	(48,476)	580,822
Computer Equipment	975,516	111,407	-	(156,889)	930,034
Other equipment	605,474	89,177	(9,465)	(51,303)	633,883
	77,005,080	**1,483,805**	**(9,465)**	**(4,787,821)**	**73,691,599**

PLEDGED AS SECURITY

Property, plant and equipment was not pledged as security:

Details of properties	2017 R	2016 R
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		
Land	1,000,000	1,000,000
Buildings	33,294,108	35,543,972
	34,294,108	**36,543,972**
Kabokweni Training Centre		
The property includes a office block, 2 workshops and ablution block. The site area is 5,328 square metress		
Land	150,000	150,000
Buildings	5,417,285	5,810,604
	5,567,285	**5,960,604**
Emalahleni Training Centre		
The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.		
	625,000	625,000
	15,203,597	16,274,333
	15,828,597	**16,899,333**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of properties (continued)	2017 R	2016 R
Corridor Hill		
This property is the remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and is situated in a proposed township to be known as Corridor Hill Emalahleni.		
Land	3,205,000	3,205,000
MRTT House		
Registration Division J.S. in the Province of Mpumalanga (58 French Street Emalahleni).		
Land	350,000	350,000
Buildings	1,277,559	1,370,650
TOTAL	**1,627,559**	**1,720,650**
	60,522,549	**64,329,559**

A register of correspondence between Mpumalanga Regional Training Trust and relevant stakeholders and a file containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act are available for inspection at the registered office of the company.

7. INTANGIBLE ASSETS

	2017			2016		
	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	650,674	(637,275)	13,399	650,674	(497,168)	153,506

RECONCILIATION OF INTANGIBLE ASSETS - 2017	OPENING BALANCE R	AMORTISATION R	TOTAL R
Computer software	153,506	(140,107)	13,399

RECONCILIATION OF INTANGIBLE ASSETS - 2016	OPENING BALANCE R	AMORTISATION R	TOTAL R
Computer software	323,202	(169,697)	153,505

8. PAYABLES FROM EXCHANGE TRANSACTIONS

	2017 R	2016 R
Trade payables	943,378	531,681
Artisan development training	89,289,782	57,070,442
Income received in advance	2,107,801	2,727,563
Accruals	2,180,634	3,091,736
	94,521,595	**63,421,422**

9. PROVISIONS

RECONCILIATION OF PROVISIONS - 2017	OPENING BALANCE R	UTILISED DURING THE YEAR R	PROVISION RAISED IN THE CURRENT THE YEAR R	TOTAL R
Leave days	3,417,321	(906,098)	1,083,431	3,594,654
Bonus	1,500,000	(1,541,576)	2,049,540	2,007,964
	4,917,321	**(2,447,674)**	**3,132,971**	**5,602,618**

RECONCILIATION OF PROVISIONS - 2016	OPENING BALANCE R	UTILISED DURING THE YEAR R	PROVISION RAISED IN THE CURRENT THE YEAR R	TOTAL R
Leave days	3,415,615	(900,903)	902,609	3,417,321
Bonus	3,246,388	(3,322,085)	1,575,697	1,500,000
	6,662,003	**(4,222,988)**	**2,478,306**	**4,917,321**

10. REVENUE FROM EXCHANGE TRANSACTIONS

	2017 R	2016 R
Rendering of services	32,335,020	45,352,318
Interest Received	6,745,019	3,857,768
Rental Income	52,000	340,000
	39,132,039	**49,550,086**

11. OTHER REVENUE

Bad debt recovered	7,047	25,309

12. REVENUE FROM NON - EXCHANGE TRANSACTIONS

	2017 R	2016 R
Government grant	29,168,000	41,755,000
Comprehensive Rural Development Programme	24,380,000	23,219,000
National Youth Service	29,286,000	27,760,000
Skills Hub	15,000,000	-
	97,834,000	**92,734,000**

The allocation of some of the projects above have not been fully spent in the current year.

13. PERSONNEL

	2017 R	2016 R
Basic	41,704,018	51,700,568
Medical aid - company contributions	831,430	756,181
Statutory payments	11,439,952	13,895,300
Provident and pension fund	6,565,107	7,186,120
Allowances	382,200	475,711
	60,922,707	**74,013,880**

14. ADMINISTRATIVE EXPENDITURE

	2017 R	2016 R
Rates and taxes	1,035,888	980,066
Communication	980,080	965,209
Insurance	394,664	442,018
Motor fleet	549,350	705,554
Lease costs	1,206,667	1,321,285
Security	905,590	810,958
Rent	1,005,285	995,827
Printing and stationery	398,606	418,940
Repairs and maintenance	30,561	115,375
Admin expense	542,437	635,764
	7,049,128	**7,390,996**

15. OTHER OPERATING EXPENSES

	2017 R	2016 R
Auditors remuneration	3,690,556	4,235,256
Bank charges	370,907	397,604
Professional fees	1,707,161	595,792
Pest control	14,743	9,700
Subsistance and travel	3,109,539	4,630,252
Training material cost	6,785,672	11,496,685
Marketing Cost	519,067	749,568
Staff Appointment and Recruitment Cost	68,766	36,980
Other operating costs	21,871,353	31,997,644
	38,137,764	**54,149,481**

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017 R	2016 R
Receivables from non-exchange transactions	1,139,800	1,139,800
Bad debts written off	(1,139,800)	-
Impairment	-	(1,139,800)
	-	-

17. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

Surplus	25,186,883	1,046,834
Adjustments for:		
Depreciation and amortisation	4,903,933	4,957,518
Bad debts written off	(3,108,565)	-
Debt impairment	772,671	750,686
Provisions	685,297	(1,744,682)
Income received in advance recognised in current year	2,030,825	-
Non-cash items before working capital	(157,115)	(106,857)
Changes in working capital:		
Inventories	(67,354)	108,450
Receivables from exchange transactions	(4,385,889)	3,743,682
Debtor Impairment	1,196,094	(750,686)
Inter Company Account - Royal Hotel	829,647	978,560
Prepaid expenses	275,800	-
Payables from exchange transactions	31,100,173	37,397,560
	59,262,400	**46,381,065**

18. AUDITORS' REMUNERATION

External audit fees	2,361,707	3,033,499
Internal audit fees	1,328,849	1,201,756
	3,690,556	**4,235,255**

19. DIRECTOR AND MANAGEMENT EMOLUMENTS

DIRECTORS' REMUNERATION: NON - EXECUTIVE MEMBERS		
Fees for services as Board members		
Mrs F.D Mthembu - Chairperson (Reappointed 1 June 2015)	448,915	576,513
Mrs ND Mashinini (Deputy Chairperson) Appointed 1 June 2015	236,719	134,175
Mr. M.J.Sibiya - Reappointed 1 June 2015	202,672	155,083
Mr.P.P Maoko - Appointed 1 June 2015	168,455	174,008
Mr. B.M Singwane- Appointed 1 June 2015	124,469	68,159
Mr. N.N Kalidass - Appointed 1 June 2015	203,212	161,550
Mr. S.M Dibakwane - Appointed 1 June 2015	9,547	22,686
Ms G.A Deiner - Appointed 1 June 2015	143,917	99,342
Mr. R.S Tshukudu - Appointed 1 June 2015	273,797	194,369
Mrs M.E. Letsoalo - Term ended 30 June 2015	-	104,892
	1,811,703	**1,690,777**

19. DIRECTOR AND MANAGEMENT EMOLUMENTS (CONTINUED)

EXECUTIVE MANAGEMENT	BASIC SALARY R	SHORT TERM EMPLOYMENT BENEFITS (INCLUDES BONUS, ACTING ALLOWANCES, LEAVE DAYS PAID OUT) R	POST EMPLOYMENT BENEFITS R	TOTAL R
Mr R Oosthuizen - Chief Executive Officer	1,595,815	358,517	207,693	2,162,025
MG Jafta - Chief Financial Officer	1,055,745	180,533	141,397	1,377,675
MS Makgoba - General Manager - Corporate Services	1,007,307	229,012	141,397	1,377,716
MM Makibelo - General Manager Technical Training Centres (Resigned in August 2016)	552,304	567,335	58,195	1,177,834
P Ramaboya - Acting General Manager - Technical Training Centres	644,999	325,137	100,832	1,070,968
SM Sefanyetso - Acting General Manager - Hospitality and Tourism Academy	644,999	325,137	100,832	1,070,968
	5,501,169	**1,985,671**	**750,346**	**8,237,186**

20. RETIREMENT BENEFITS

	2017 R	2016 R

DEFINED CONTRIBUTION PLAN

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.

	2017 R	2016 R
The total economic entity contribution to such schemes	7,147,455	7,186,120

21. COMMITMENTS

COMMITMENTS AS AT 31 MARCH 2017		
Commitments	340,910,926	454,480,968

Commitments represent future contractual commitments the organisation has engaged itself with other parties whereby cash outflows will be legally expected from the organisation. The commitments are made up of Provision of Artisan Development Programme, Security services, Internal audit services, website development.

The allocation of some of the projects in the current year that have not been spent has been inlcuded under committments in note 21 above.

22. 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.

23. FRUITLESS AND WASTEFUL EXPENDITURE

	2017 R	2016 R
Fruitless and wasteful expenditure	5,530	5,418

24. RELATED PARTIES

RELATED PARTY BALANCES

	2017 R	2016 R
Inter company accounts		
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	2,169,308	2,998,955
Receipts from related parties		
Department of Education	9,190,901	7,271,216
Receipts from related parties - Grants		
Department of Education	97,834,000	92,734,000
Artisan Development Programme (The related party balance for Artisan Development Programme was unwittingly omitted in the prior year Annual Financial Statements and has been disclosed in the current year including comperative figures)	130,981,000	128,354,000

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly and indirectly. Information regarding the earnings of directors, executive and non-executive, has been disclosed separately in note 19.

25. CONTINGENT LIABILITY

A labour court matter between MRTT and a former employee who is contesting compensation after being dismissed in 2012. Amount being contested is R106 956.

The matter is still in the court roll for a date to be determined in the future.

26. RISK MANAGEMENT

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 as MRTT has no significant interest bearing liabilities.

26. RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

The financial liabilities maturity analysis of MRTT, for the reporting period shows contractual cash outflows on an undiscounted basis as below

FINANCIAL INSTRUMENT	CURRENT INTEREST RATE	DUE IN LESS THAN A YEAR	DUE IN ONE TO TWO YEARS	DUE IN TWO TO THREE YEARS	DUE IN THREE TO FOUR YEARS	DUE AFTER FIVE YEARS
Trade and other payables	10.50%	94,521,595	-	-	-	-
Provision for employee benefits	-	5,602,618	-	-	-	-
Total	**-**	**100,124,213**	**-**	**-**	**-**	**-**

CREDIT RISK

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

Financial instrument	2017 R	2016 R
Cash and cash equivalents	134,204,626	75,065,106
Receivables ageing is as follows - Current	3,617,354	623,931
- 30 days	954,651	844,732
- 60 days	427,877	152,358
- 90 days	6,268	8,798
- +120 days	777,895	816,807
Total of receivables from exchange transactions	**5,784,045**	**2,446,627**

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.

27. INVESTMENT IN CONTROLLED ENTITY

NAME OF COMPANY	HELD BY	% HOLDING 2017	% HOLDING 2016	2017 (INTER COMPANY ACCOUNT BALANCE)	2016 (INTER COMPANY ACCOUNT BALANCE)
Royal Hotel 100 ordinary shares of R1 each	Mpumalanga Regional Training Trust	100%	100%	2,169,308	2,998,955

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 R2 169 308 and in the prior year was R2 998 955

28. BUDGETED VERSUS ACTUAL INFORMATION

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2016 to 31 March 2017.

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 2017 is presented in page 8. 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 basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

28.1 The positive variance is due to the entity receiving more projects in the financial year.

28.2 The budget amount was received in full from the Department of Education and there was no adjustment to the allocation.

28.3 The favourable variance is due to vacant positions as well less fixed term contractors during the year.

28.4 The favourable variance is due to the fact that in the current year the entity did not spend all of the allocations.

28.5 The favourable variance in capital expenditure is due to less capital assets being procured as envisaged

29. LEASE OBLIGATION

	2017 R	2016 R
Minimum lease payments due		
- within one year	1,481,057	1,643,735
- in second to fifth year inclusive	76,448	228,970
Present value of minimum lease payments	**1,557,505**	**1,872,705**

Operating lease payments represent rentals payable by the organisation for certain of its office properties and office equipment.

30. IRREGULAR EXPENDITURE

Opening balance	1,865,072	5,387,795
Add: Irregular Expenditure - current year	4,621,657	1,736,937
Less: Amounts condoned	-	(5,259,660)
	6,486,729	**1,865,072**

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year	4,621,657	1,736,937
Prior years	1,865,072	128,135
	6,486,729	**1,865,072**

30. IRREGULAR EXPENDITURE

		2017 R
DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR 2016/17		
Incident 1	The irregular expenditure that is disclosed in Note 30 was incurred in the prior year due to a tender that was irregularly awarded in the previous financial year due to errors in the calculation of preferential points during the evaluation process of the tender. The contract is for a period of three (3) years and will be disclosed on an annual basis until the contract expires. Condonation will be sought for the full amount after the contract expires as that is when the amount can be determined	1,493,796
Incident 2	The irregular expenditure that is disclosed in Note 30 was incurred in the prior year due to a tender that was irregularly awarded in the previous financial year due to errors in the calculation of preferential points during the evaluation process of the tender. The contract is for a period of three (3) years and will be disclosed on an annual basis until the contract expires. Condonation will be sought for the full amount after the contract expires as that is when the amount can be determined	460,390
Incident 3	The irregular expenditure that is disclosed in Note 30 was incurred due to extension of key contracts during the year ended 31 March 2017	2,667,471
		4,621,657

31. 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.

	2017 R	2016 R
Reserves	60,119,385	60,119,385

PART F
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INDEX

DIRECTORS' RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Directors responsible for monitoring the preparation and the integrity of the financial statements and related information included in this annual report. In order for the Directors to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act and other applicable legislation, it has developed and maintained a system of internal controls.

The Directors acknowledge that the Directors is ultimately responsible for a system of internal financial controls established by MRTT and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. These 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 MRTT and all employees are required to maintain the highest ethical standards in ensuring the MRTT's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management is on identifying, assessing and monitoring all known forms of risk across MRTT.

While operating risk cannot be fully eliminated, MRTT endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints. Monitoring of these controls includes a regular review of their operations by the Directors and independent oversight by an audit committee.

As part of the system of internal control, the outsourced internal audit function conducts operational, financial and specific audits and co ordinates audit coverage with the external auditors. The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and with the prescribed Standards of Generally Recognised Accounting Practices (GRAP). They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.

The Directors believes that the Mpumalanga Regional Training Trust will continue to be a going concern in the foreseeable future due to the availability of funding for its operations. For this reason the Directors continues to adopt the going concern basis in preparing the Annual Financial Statements.

The Directors approved the Annual Financial Statements for the year ended 31 March 2017 as set out on pages 104 to 137 on 26 May 2017 which were signed on its behalf by –

Mrs FD Mthembu
Chairperson of the Board of Directors

Mr R Oosthuizen
Chief Executive Officer

Report of the auditor-general to the Mpumalanga Provincial Legislature on the Mpumalanga Regional Training Trust

Report on the audit of the consolidated financial statements

Opinion

1. I have audited the consolidated financial statements of the Mpumalanga Regional Training Trust and its subsidiary set out on pages 104 to 137, which comprise the statement of financial position as at 31 March 2017, the 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust and its subsidiary as at 31 March 2017, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act).

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the 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.

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

Emphasis of matter

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

Material impairments

7. As disclosed in note 8 to the consolidated financial statements, material losses of R1 968 765 were incurred as a result of the write-off of irrecoverable trade debtors due to poor collection practices.

Responsibilities of the accounting authority for the consolidated financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated 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 intention is to either liquidate the entity or cease operations, or there is no realistic alternative but to do so.

Auditor-general’s responsibilities for the audit of the consolidated financial statements

10. My objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to the auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 1 – hospitality and tourism academy	21 – 25
Programme 2 – technical training operations	25 – 30

15. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1 – hospitality and tourism academy
- Programme 2 – technical training operations

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 21 to 43 for information on the achievement of the planned targets for the year and the explanations provided for the under- or overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for hospitality and tourism academy and technical training operations. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material finding in respect of the compliance criteria for the applicable subject matter is as follows:

Procurement and contract management

22. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.4. Deviations were approved by the accounting authority even though it was not impractical to invite competitive bids, in contravention of treasury regulation 16A6.4.

Other information

23. The accounting authority of the public entity is responsible for the other information. The other information comprises the 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. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

24. My opinion on the consolidated financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on

the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

26. I have read the other information included in the draft annual report and have nothing to report in this regard.

27. I have not yet received the final annual report containing the other information. When I do receive this information, and if I conclude that it contains a material misstatement, I am required to communicate the matter to those charged with governance and to request the other information to be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

28. I considered internal control relevant to my audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

Financial and performance management

29. Management did not fully implement proper internal controls regarding compliance with laws and regulations.

Auditor-General

Mbombela
31 July 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE ACCOUNTING AUTHORITY

The accounting authority has pleasure in presenting its report for the year ended 31 March 2017.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

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 2017: R25 520 995

Surplus 2016: R1 087 330

2. POST BALANCE SHEET EVENTS

There were no significant subsequent events to year end and the directors are not aware of any material matter or circumstances arising since the end of the financial year.

3. DIRECTORS' INTEREST IN CONTRACTS

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

4. DIRECTORS

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

Mrs. F.D. Mthembu – Chairperson

Mrs ND Mashinini – Deputy Chairperson

Dr. M.J. Sibiya - Non Executive Director

Mr PP Maoko - Non Executive Director

Mr BM Singwane - Non Executive Director

Mr NN Kalidass - Non Executive Director

Mr SM Dibakwane - Non Executive Director

Ms GA Deiner - Non Executive Director

Mr RS Tshukudu - Non Executive Director

Mrs MOC Mhlabane - Ex Officio

Mr R Oosthuizen - Ex Officio

5. SECRETARY

The secretary of the company during the year was Ms KM Mohlala.

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

6. 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.

7. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The entity incurred Irregular expenditure of R1 954 186 in the current financial year and for the prior financial year the expenditure was R1 736 937.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

		GROUP		COMPANY	
	NOTES	2017 R	2016 R	2017 R	2016 R
Revenue					
Revenue from non-exchange transactions	1	97 834 000	92 734 000	97 834 000	92 734 000
Revenue from exchange transactions	2	50 755 352	58 690 615	39 132 039	49 550 086
Other Income	3	7 047	25 309	7 047	25 309
Total revenue		**148 596 399**	**151 449 924**	**136 973 086**	**142 309 395**
Expenses	4				
Personnel	4,1	66 149 960	78 759 283	60 922 707	74 013 880
Administrative	4,2	7 049 128	7 390 996	7 049 128	7 390 996
Other operating expenses	4,3	44 102 183	58 405 609	38 137 764	54 149 481
Depreciation and amortisation expense	5&6	5 001 462	5 056 020	4 903 933	4 957 518
Debt impairment		772 671	750 686	772 671	750 686
Total expenses		**123 075 404**	**150 362 594**	**111 786 203**	**141 262 561**
Profit / Deficit for the period		**25 520 995**	**1 087 330**	**25 186 883**	**1 046 834**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	NOTES	R	R	R	R
ASSETS					
Non-current assets					
Property, plant and equipment	5	69 272 068	73 942 548	69 089 413	73 691 599
Intangible assets	6	13 399	153 505	13 399	153 505
Deferred tax		205 359	335 292		
Investment in Subsidiary		0	0	100	100
		69 490 826	**74 431 345**	**69 102 912**	**73 845 204**
Current assets					
Cash and cash equivalents	7	134 216 159	75 110 055	134 204 626	75 065 106
Receivables from exchange transactions	8	8 109 466	5 302 721	5 784 045	2 446 627
Receivables from non-exchange transactions	9	0	0	0	0
Inventories	10	701 251	500 693	310 954	243 600
Inter Company account - Royal Hotel	21	0	0	2 169 308	2 998 955
		143 026 876	**80 913 469**	**142 468 933**	**80 754 288**
Total Assets		**212 517 702**	**155 344 814**	**211 571 845**	**154 599 492**
LIABILITIES					
Current liabilities					
Payables from exchange transactions	11	95 779 161	64 629 742	94 521 595	63 421 422
Employee benefits	12	5 602 618	4 917 321	5 602 618	4 917 321
Total Liabilities		**101 381 779**	**69 547 063**	**100 124 213**	**68 338 743**
NET ASSETS					
Accumulated surplus		51 016 538	25 678 366	51 328 247	26 141 364
Reserves		60 119 385	60 119 385	60 119 385	60 119 385
		111 135 923	**85 797 751**	**111 447 632**	**86 260 749**
Total liabilities and reserves		**212 517 702**	**155 344 814**	**211 571 845**	**154 599 492**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2017

	OTHER NDR R	ACCUMULATED SURPLUS R	TOTAL NET ASSETS R
Balance as at 1 April 2015	**60 119 385**	**24 591 037**	**84 710 422**
Surplus for the year		1 087 330	1 087 330
Prior period error		(182 823)	(182 823)
Balance as at 1 April 2016	**60 119 385**	**25 495 544**	**85 614 929**
Surplus for the year	-	25 520 994	25 520 994
Balance as at 31 March 2017	**60 119 385**	**51 016 538**	**111 135 923**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

		GROUP		COMPANY	
	NOTES	2017 R	2016 R	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from stakeholders					
Cash receipts from government entities (Transfers)		97 834 000	92 734 000	97 834 000	92 734 000
Cash receipts from own generated income		16 383 272	19 348 806	16 383 272	19 348 806
Interest received		6 745 019	3 857 768	6 745 019	3 857 768
Other cash items		130 981 000	128 354 000	130 981 000	128 354 000
Cash paid to stakeholders					
Personnel and Suppliers		(192 678 213)	(197 913 509)	(192 680 891)	(197 913 509)
Net cash flows from operating activities	13	**59 265 078**	**46 332 157**	**59 262 400**	**46 381 065**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(497 934)	(1 501 229)	(461 840)	(1 483 805)
Purchase of intangible assets		-	-		
Proceeds from disposal of fixed assest		338 960	63 160	338 960	63 160
Net cash flows from investing activities		**(158 974)**	**(1 438 069)**	**(122 880)**	**(1 420 645)**
Net increase / (decrease) in cash and cash equivalents		**59 106 104**	**44 928 252**	**59 139 520**	**44 960 420**
Cash and cash equivalents at beginning of the year	7	75 110 055	30 181 803	75 065 106	30 104 686
Cash and cash equivalents at end of period	7	**134 216 159**	**75 110 055**	**134 204 626**	**75 065 106**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

	APPROVED BUDGET	ACTUAL AMOUNTS	DIFFERENCE: BUDGET AND ACTUAL	NOTE ON VARIANCE
RECEIPTS				
Transfers from other government entities	97 834 000	97 834 000	-	25,1
Revenue from exchange tranactions	37 414 007	39 132 039	1 718 032	25,2
Other revenue	-	7 047	7 047	25,3
Total receipts	**135 248 007**	**136 973 086**	**1 725 079**	
PAYMENTS				
Personnel	59 909 647	60 922 707	(1 013 060)	25,4
Goods and services	72 887 734	50 863 496	22 024 238	25,4
Capital Expenditure	2 450 626	461 840	1 988 786	25,5
Total payments	135 248 007	112 248 043	22 999 964	
NET RECEIPTS	**-**	**24 725 043**	**(21 274 885)**	

Reconcilation	
Basis difference	
Depreciation and amortisation	4 903 933
Accruals	1 598 285
Provision for employee benefits	5 690 723
Debt impairment	772 671
Actual Amount in the Statement of Financial Performance excluding the non cash items	**37 690 655**

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2017

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. STANDARDS OF GENERAL RECOGNISED ACCOUNTING PRACTICE APPROVED BUT NOT YET EFFECTIVE

GRAP 20 Related party disclosure
GRAP 32 Service Concession Arrangement Grantor
GRAP 34 Separate Financial Statements
GRAP 35 Consolidated Financial Statements
GRAP 36 Investments in Associates and Joint Ventures
GRAP 37 Joint Arrangements
GRAP 38 Disclosure of Interests in Other Entities
GRAP 108 Statutory receivables
GRAP 109 Accounting Principals and Agents
GRAP 110 Living and Non-Living Resources

No effective date has been determined by the Minister of Finance

3. 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.

3.1. 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.

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.

3.2 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.

3.3 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.

Provisions

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.

Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MRTT ; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

3.4. 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

Transfers from other government entities are recognized as income only when there is reasonable assurance that the grant will be received from government during the relevant financial year.

Revenue from service-based activities is recognised after making an appropriate adjustment for the provision of future services. This deferred income provision is determined by the amount of work that still needs to be performed in relation to the total transaction.

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.

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.

Gains or losses on disposal of property, plant and equipment

Gains or losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds to the carrying amounts.

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.

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.

3.5. 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	20 years
Motor vehicles	10 years
Office equipment	20 years
Office furniture	20 years
Domestic equipment	20 years
Computer equipment	10 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 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 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

3.6. 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 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.

3.7. 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.

The cost of inventories is assigned by using the first-in, first-out (FIFO) .

3.8. 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

3.9. 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.

3.10. 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 charged against revenue on a straight-line basis over the term of the lease.

3.11. EMPLOYEE BENEFITS

Leave benefits

Annual leave is provided over the period the leave accrues. In the case of accumulating compensated leave benefit, the Mpumalanga Regional Training Trust recognizes the cost when the employee renders the service that increases their entitlement to the future compensated absences. In the case of non-accumulating compensated absences, the Mpumalanga Regional Training Trust recognizes the leave cost when the absence occurs.

Annual bonus plans

The Mpumalanga Regional Training Trust recognizes the expected cost of annual bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made by the Mpumalanga Regional Training Trust. The Mpumalanga Regional Training Trust considers the present obligation to exist when the Mpumalanga Regional Training Trust has no realistic alternative but to make the payments related to performance bonuses.

Retirement benefits

The Mpumalanga Regional Training Trust contributes to the employees' retirement benefits through a contribution to the funded defined contribution plan. Once the Mpumalanga Regional Training Trust has paid the contributions, the Mpumalanga Regional Training Trust has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

Medical benefits

The Mpumalanga Regional Training Trust contributes to the employees' medical benefits through a contribution to the employees' medical aid scheme. Once the Mpumalanga Regional Training Trust has paid the contributions, the Mpumalanga Regional Training Trust has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided

The Mpumalanga Regional Training Trust has no payment obligations for retired employees; as such no provision is made for post-retirement medical benefits.

3.12 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure other than unauthorised expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act 1999 (Act No.1 of 1999).

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of Government or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act 1999 (Act No.1 of 1999).

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

All unauthorized, irregular, fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

3.13 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:
    - (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

3.14 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

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
1. REVENUE FROM NON EXCHANGE TRANSACTIONS				
Transfers from provincial government	97 834 000	92 734 000	97 834 000	92 734 000
2. REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of service	50 755 352	58 690 615	39 132 039	49 550 086
3. OTHER REVENUE				
Bad debts recovered	7 047	25 309	7 047	25 309
Total Revenue	**148 596 399**	**151 449 924**	**136 973 086**	**142 309 395**
4. OPERATING AND ADMINISTRATIVE EXPENDITURE				
Operating and administrative expenditure includes:				
4.1 Personnel				
Basic	46 931 271	56 445 971	41 704 018	51 700 568
Medical aid	831 430	756 181	831 430	756 181
Statutory payments	11 439 952	13 895 300	11 439 952	13 895 300
Provident and Pension fund	6 565 107	7 186 120	6 565 107	7 186 120
Allowances	382 200	475 711	382 200	475 711
	66 149 960	**78 759 283**	**60 922 707**	**74 013 880**
4.2 Administrative				
Rates and Taxes	1 035 888	980 066	1 035 888	980 066
Communication	980 080	965 209	980 080	965 209
Insurance	394 664	442 018	394 664	442 018
Motor fleet	549 350	705 554	549 350	705 554
Lease costs	1 206 667	1 321 285	1 206 667	1 321 285
Security	905 590	810 958	905 590	810 958
Rent	1 005 285	995 827	1 005 285	995 827
Printing and stationary	398 606	418 940	398 606	418 940
Repairs and maintaince	30 561	115 375	30 561	115 375
Other Admin Expenses	542 437	635 764	542 437	635 764
	7 049 128	**7 390 996**	**7 049 128**	**7 390 996**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
4.3 Other operating expenses				
Professional fees	1 707 161	595 792	1 707 161	595 792
Audit fees	3 765 568	4 235 256	3 690 556	4 235 256
Bank charges	374 265	397 604	370 907	397 604
Training material cost	6 785 672	11 496 685	6 785 672	11 496 685
Staff appointment and Recruitment cost	68 766	36 980	68 766	36 980
Marketing costs	519 067	749 568	519 067	749 568
Subsistence and travel	3 109 539	4 630 252	3 109 539	4 630 252
Other operating costs	27 772 145	36 263 472	21 886 096	32 007 344
	44 102 183	**58 405 609**	**38 137 764**	**54 149 481**

5. PROPERTY, PLANT AND EQUIPMENT

	2017		
	COST R	ACCUMULATED DEPRECIATION R	CARRYING VALUE R
OWNED ASSETS			
Land and buildings	81 522 351	(20 999 798)	60 522 553
Machinery and equipment	3 953 428	(1 312 341)	2 641 087
Motor vehicles	3 191 797	(2 026 085)	1 165 712
Office equipment	971 712	(439 199)	532 513
Office furniture	5 465 972	(2 878 161)	2 587 811
Domestic equipment	1 701 929	(761 305)	940 624
Computer equipment	1 837 691	(955 923)	881 768
TOTAL	**98 644 880**	**(29 372 812)**	**69 272 068**

	31 MARCH 2016 CARRYING VALUE R	ADDITIONS R	DISPOSALS R	PRIOR PERIOD ERROR R	DEPRECIATION R	31 MARCH 2017 CARRYING VALUE R
Owned Assets						
Land and buildings	64 329 559	-	-	-	(3 807 010)	60 522 549
Machinery and equipment	2 823 147	110 951	(109 857)		(183 149)	2 641 092
Motor vehicles	1 561 079	-	(134 915)		(260 451)	1 165 713
Office equipment	580 822	9 325	(9 287)		(48 347)	532 513
Office furniture	2 833 075	17 668	-		(262 933)	2 587 810
Domestic equipment	858 015	229 942	(9 188)		(138 146)	940 623
Computer equipment	956 851	130 049	(46 140)	2 057	(161 049)	881 768
TOTAL	**73 942 548**	**497 935**	**(309 387)**	**2 057**	**(4 861 085)**	**69 272 068**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	31 MARCH 2015 CARRYING VALUE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	31 MARCH 2016 CARRYING VALUE R
Owned Assets					
Land and buildings	68 147 002	-	-	(3 817 443)	64 329 559
Machinery and equipment	1 959 032	1 044 494	-	(180 379)	2 823 147
Motor vehicles	1 782 765	46 900	-	(268 586)	1 561 079
Office equipment	607 868	21 430	-	(48 476)	580 822
Office furniture	2 927 423	170 397	-	(264 745)	2 833 075
Domestic equipment	897 333	98 434	(9 465)	(128 287)	858 015
Computer equipment	1 015 684	119 574	-	(178 407)	956 851
TOTAL	**77 337 107**	**1 501 229**	**(9 465)**	**(4 886 323)**	**73 942 548**

6. INTANGIBLE ASSETS

	31 MARCH 2017			31 MARCH 2016		
	COST R	ACCUMULATED AMORTISATION R	NET BOOK VALUE R	COST R	ACCUMULATED AMORTISATION R	NET BOOK VALUE R
Computer Software	650 674	(637 275)	13 399	650 674	(497 168)	153 506

Reconciliation of intangible assets - 2017

	31 MARCH 2017		
	CARRYING VALUE R	AMORTISATION FOR THE YEAR R	NET BOOK VALUE R
Computer Software	**153 506**	**(140 107)**	**13 399**

Reconciliation of intangible assets - 2017

	31 MARCH 2017		
	CARRYING VALUE R	AMORTISATION FOR THE YEAR R	NET BOOK VALUE R
Computer Software	**323 202**	**(169 697)**	**153 505**

7. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R

Cash and cash equivalents consist of cash on hand and balance with the bank. Cash and cash equivalents included in the cash flow statement comprise the following:

Cash on hand and balances in banks	9 057 441	11 404 483	9 045 908	11 404 483
Short term investments	125 158 718	18 777 321	125 158 718	18 777 321
	134 216 159	**30 181 804**	**134 204 626**	**30 181 804**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Gross trade receivables	12 279 459	7 074 841	8 604 636	4 218 747
Bad debts written off	(1 968 765)		(1 968 765)	
Allowance for impairment	(2 204 728)	(2 051 420)	(855 326)	(2 051 420)
	8 105 966	**5 023 421**	**5 780 545**	**2 167 327**
Prepayments	-	275 800	-	275 800
Deposits	3 500	3 500	3 500	3 500
	8 109 466	**5 302 721**	**5 784 045**	**2 446 627**

9. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Transfers from provincial government	1 139 800	1 139 800	1 139 800	1 139 800
Bad debts written off	(1 139 800)		(1 139 800)	
Allowance for impairment	-	(1 139 800)	-	(1 139 800)
	-	-	-	-

The carrying value of trade and other receivables is at their fair value due to the short term nature of these instruments

10. INVENTORIES

Consumables	**701 251**	**500 693**	**310 954**	**243 600**

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2 200 944	1 740 001	943 378	531 681
Artisan development training	89 289 782	57 070 442	89 289 782	57 070 442
Accruals	2 180 634	3 091 736	2 180 634	3 091 736
Income received in advance	2 107 801	2 727 563	2 107 801	2 727 563
	95 779 161	**64 629 742**	**94 521 595**	**63 421 422**

12. EMPLOYEE BENEFITS

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
Balance at the beginning of the year	4 917 321	6 662 003	4 917 321	6 662 003
Provision utilised	(2 447 674)	(4 222 988)	(2 447 674)	(4 222 988)
Provision raised in current year	3 221 076	2 478 306	3 132 971	2 478 306
Balance at the end of the year	**5 690 723**	**4 917 321**	**5 602 618**	**4 917 321**

This provision is created based on staff leave days outstanding at year end which might have to be paid out to them if they are to leave the company. The leave pay provision was calculated based on cost to company for each individual and the leave days not taken at year end for each individual employee.

13. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	COMPANY	
	2017 R	2016 R
Surplus / (Deficit) for the year	25 520 995	1 087 330
Adjustments for the year		
Depreciation of property, plant and equipment	5 001 192	5 056 020
Bad debts written off	(3 108 565)	
Impairment	772 671	750 686
Movement in provisions of employee benefits	685 297	(1 744 682)
Income received in advance recognised in current year	2 030 825	
Non-cash item	(180 824)	55 565
Changes in working capital		
(Increase) / Decrease in inventories	(200 558)	94 009
(Increase) / Decrease in trade and other receivables	(3 855 216)	4 870 696
Impairment	1 196 094	(750 686)
Intercompany account	829 647	978 560
Prepaid expenses	275 800	
(Decrease)/Increase in trade and other payables	30 297 720	35 975 155
Cash generated by operations	**59 265 078**	**46 372 653**

14. AUDITORS' REMUNERATION

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
External audit fees	2 436 719	3 088 751	2 361 707	3 033 499
Internal audit fees	1 328 849	1 201 756	1 328 849	1 201 756
	3 765 568	**4 290 507**	**3 690 556**	**4 235 255**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS

	GROUP	
	2017 R	2016 R
DIRECTORS' REMUNERATION: NON EXECUTIVE MEMBERS		
Fees for services as Board members		
Mrs FD Mthembu	448 915	576 513
Mrs ME Letsoalo	-	104 892
Mr MJ Sibiya	202 672	155 083
Mr PP Maoko	168 455	174 008
Mr BM Singwane	124 469	68 159
Mr NN Kalidass	203 212	161 550
Mrs ND Mashinini	236 719	134 175
Mr SM Dibakwane	9 547	22 686
Ms GA Deiner	143 917	99 342
Mr RS Tshukudu	273 797	194 369
	1 811 703	**1 690 777**

EXECUTIVE MANAGEMENT	BASIC SALARY R	SHORT TERM EMPLOYMENT BENEFITS R	POST EMPLOYMENT BENEFITS R	TOTAL R
R Oostihuizen - Chief Executive Officer	1 595 815	358 517	207 693	2 162 025
MG Jafta - CFO	1 055 745	180 533	141 397	1 377 675
MS Makgoba - GM Corporate	1 007 307	229 012	141 397	1 377 716
MM Makibelo - GM Centres	552 304	567 335	58 195	1 177 834
P Ramaboya - Acting GM Technical Training Centres	644 999	325 137	100 832	1 070 968
SM Sefanyetso - Acting GM HTA	644 999	325 137	100 832	1 070 968
	5 501 169	**1 985 671**	**750 346**	**8 237 186**

16. RETIREMENT BENEFITS

	GROUP	
	2017 R	2016 R

DEFINED CONTRIBUTION PLAN

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.

Total company contribution	**6 565 107**	**7 186 120**

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 2017	0 TO 1 YEAR R	2 TO 5 YEARS R
Future lease payments	**1 497 795**	**147 591**

FUTURE MINIMUM LEASE PAYMENTS AS AT 31 MARCH 2016	0 TO 1 YEAR R	2 TO 5 YEARS R
Future lease payments	**1 643 735**	**228 970**

18. COMMITMENTS

Commitments represent future contractual commitments the organisation have engaged itself with other parties whereby cash outflows will be legally expected from the organisation.

COMMITMENTS AS AT 31 MARCH 2016	2017 R	2016 R
Commitments	**340 910 926**	**454 480 968**

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

20.1. FRUITLESS AND WASTEFUL EXPENDITURE

2016/17 Financial year

Penalties and interest amounting to R5 530 were paid to SARS s as a result of late payments made during the financial year

2015/16 Financial year

Penalties and interest amounting to R5 418 were paid to SARS s as a result of late payments made during the financial year

20.2 IRREGULAR EXPENDITURE

2016/17 Financial year

Please note that the irregular expenditure reported in this financial year relates to the prior financial year as the contracts were signed 2 years back and are still effective.

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

An irregular expenditure of R1 954 186 was as follows:

1. The irregular expenditure that is disclosed above was incurred due to a tender that was irregularly awarded in the previous financial year due to errors in the calculation of preferential points during the evaluation process of the tender. The contract is for a period of three (3) years and will be disclosed on an annual basis until the contract expires. Condonation will be sought for the full amount after the contract expires as that is when the amount can be determined
2. The irregular expenditure that is disclosed above was incurred in the prior year and related to a tender that was irregularly awarded due to errors in the calculation of preferential points during the evaluation process of the tender. The contract is for a period of three (3) years and will be disclosed on an annual basis until the contract expires. Condonation will be sought for the full amount after the contract expires as that is when the amount can be determined.

21. RELATED PARTIES DISCLOSURES

NATURE OF BUSINESS	RELATIONSHIP TO COMPANY	ARTISAN DEVELOPMENT PROGRAMME R	PURCHASES BY RELATED PARTY R	RECEIPTS FROM RELATED PARTY R	INTER COMPANY ACCOUNT R
Department of Education	Controlling Department	130 981 000	9 190 901	228 815 000	
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	Subsidiary				2 169 308

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly and indirectly. Information regarding the earnings of directors, executive and non – executive, has been disclosed separately in note 15.

22. CONTINGENT LIABILITY

A labour court matter between MRTT and a former employee who is contesting compensation after being dismissed.

Amount being contested is R106 956.

The matter is still in the court roll for a date to be determined in the future

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.

23. RISK MANAGEMENT

	FINANCIAL INSTRUMENT	CURRENT INTEREST RATE	DUE IN LESS THAN A YEAR	DUE IN ONE TO TWO YEARS	DUE IN TWO TO THREE YEARS	DUE IN THREE TO FOUR YEARS	DUE AFTER FIVE YEARS
Trade and other payables	10.5%	95 779 161	-	-	-	-	-
Provision for employee benefits	-	5 602 618	-	-	-	-	-

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.

	2016 R	2016 R
Cash and cash equivalents	134,204,626	75,065,106
Receivables ageing is as follows - Current	3,617,354	623,931
- 30 days	954,651	844,732
- 60 days	427,877	152,358
- 90 days	6,268	8,798
- +120 days	777,895	816,807
Total of receivables from exchange transactions	**5,784,045**	**2,446,626**

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

During the financial year 2012/13 review 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 (MR TT 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 and operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The following consolidated Annual Financial Statements include the financial information for the 12 months ended 31 March 2017 of Royal Hotel.

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 2016 to 31 March 2017.

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 2017 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 The budget amount was received in full from the department of Education and there was no adjustment to the allocation.

25.2. The positive variance is due the entity getting more projects in the financial year.

25.3 The favourable variance is due to bad debts recovered in the financial year

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 IFRS for SMEs. There has been no adjustment necessary and the consolidated AFS are consistent.

NOTES

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