Annual Report 2018/2019

MPUMALANGA REGIONAL
TRAINING
TRUST

MRTT

Empowerment through Training

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Annual Report 2018/2019

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Contents

PART A

General Information

1. PUBLIC ENTITY'S 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 12 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 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
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 (MEC)

Hon Bonakele Majuba(MPL)
MEC For Education

It is indeed with a great sense of honour and privilege to table this 2018/19 Annual Report of the Mpumalanga Regional Training Trust (MRTT). The report highlights key achievements of the entity in relation to pronounced policy directives and strategic outcomes related to its five-year Strategic Plan and the 2018/19 Annual Performance Plan (APP). In fulfilling the mandate of the MRTT, to develop the human resource base of the Mpumalanga Province through the provision of experiential, practical, technical, hospitality, tourism, agriculture, entrepreneurship and life skills training; and to empower learners, primarily the disadvantaged communities, industry workers and government employees to participate in the broader economic sphere of the province, the department will ensure that it gives adequate support to the entity to make sure that it achieves the mandate.

The turbulent and ever-shifting landscape within which our fiscal policy trajectory evolves is accompanied by a marked decline in our fiscal envelope which requires a decisive and bold leadership on one hand; and on the other continuous learning and innovation anchored on a shared sense of strategic vision, purpose and urgency. To this end, the entity was able to focus on its mandate with the resources at its disposal and achieved the following key outcomes; previous learners were targeted and placed for workplace and incubation programmes, provided accredited training in technical and agriculture-related trades and the entity facilitated/ or assisted with the registration of eleven cooperatives for the learners.

Furthermore, learners were coached and mentored in the workplace for experiential training in construction, placed on learnerships and through an apprenticeship programme towards artisanship status. The issue of placing learners for workplace integrated learning remained a challenge over the period under review. These achievements are an important milestone towards achieving the targets of the Medium-Term Strategic Framework (MTSF) sub-outcome 7 of Outcome 5 to promote "*A skilled and capable workforce to support an inclusive growth path*" and achieving the long-term strategic objectives of the entity.

The Artisan Development Programme with Hydra Arc will be coming to an end in the next financial year 2019/20, this would be on the completion by the learners currently in the programme. The Provincial Government has extended the scope of the entity and mandated it to establish a Provincial Skills and Innovation Hub to be housed in Emalahleni. To date, a site has been procured and prepared for the establishment of the Provincial Skills and Innovation Hub. The National Treasury approval for submissions remains outstanding and the Request for Proposals (RFP) for the development of a business case and project implementation, design and development are underway.

The term of the previous board came to an end on the 30th of November 2018, and I would like to take this opportunity to thank the Board for the contribution and guidance to the entity towards achieving its mandate. Subsequently, a new board for the entity was appointed on the 01st of December 2018, chaired by Mr TR Mokgoshi. I also want to take this opportunity to wish the incoming board of the entity well in the execution of its responsibility and mandate as the accounting authority of the entity.

My thanks goes to the management of the entity, to the Chief Executive Officer (CEO) Mr R Oosthuizen in particular, and all officials for their efforts in ensuring the achievement of the mandate of the entity.

I am pleased to table the 2018-2019 Annual Report of the MRTT to the Legislature.

HON BONAKELE MAJUBA (MPL)
MEC FOR EDUCATION
DATE: 31 JULY 2019

" Empowerment Through Training"

4. FOREWORD BY THE CHAIRPERSON

Mr TR Mokgoshi
Chairperson: MRTT

Introduction

The Board of Directors was appointed on the 01st of December 2018, and the introductory meeting with the MEC and MRTT staff members took place on the 25th of January 2019. The Board of Directors then had a special board meeting to ensure that nominations were made and Board Committees (Audit Committee, Risk and Governance Committee, Finance and Remuneration Committee, and Marketing and Technical Committee) were established and become operational. The committees immediately resumed their responsibilities (fiduciary duties and the duty of care) to review the Annual Performance Report, Audit reports and Organizational Restructuring programme.

The annual report of the Mpumalanga Regional Training Trust (MRTT) for the 2018/19 financial year was submitted to the Board of Directors for review and approval before its final submission to the Executive Authority. The Annual Report allows MRTT an opportunity to cast a critical eye on its vision, mission, strategic imperatives, short and long term plans, achievements, as well as challenges faced in the period under review, and to make determinations of the required improvement that will enhance service delivery and positively impact the youth and communities across the Mpumalanga Province.

The Mpumalanga Regional Training Trust is continuing to play a critical role within the skills development sector in ensuring that the demands of the labour market are met through skilling our youth/learners particularly in Technical, Hospitality, Tourism and Agricultural programmes, while also contributing to provincial economic growth.

High-level overview of the public entity's strategy and the performance of the public entity in its respective sectors.

MRTT has strengthened its efforts in implementing the Artisan Development Programme and has managed to continuously train young people/ learners on institutional, practical and workplace training in different trades and programmes during the 2018/19 financial year. We continue to participate in several government funded skills development initiatives, e.g. the Comprehensive Rural Development Programme (CRDP). Through the CRDP programme, MRTT has played a vital role in delivering quality training to the most vulnerable communities of our society. During this period, we were engaged in delivering building construction and other related training programmes to a total of 698 out-of-school youth, in eight (8) targeted local municipalities.

On the 28th of March 2019, MRTT held its graduation ceremony for learners certificated from the Hospitality and Tourism Academy (HTA) through to Technical Training and Mixed Farming Systems. A total of 124 learners received SETA endorsed statements of results in Hospitality & Tourism studies and 483 learners received SETA endorsed certificates in the following Skills programmes Qualifications; Electrical Engineering, Plumbing, Painting and Plastering, Bricklaying, Mixed Farming and Aircon & Refrigeration.

Strategic Relationships

The entity's main strategic partner is the Mpumalanga Department of Education which continues to fund and play a major oversight role in ensuring that the entity works towards achieving its mandate. In training learners towards artisanship coherent with the National Development Plan vision 2030, the entity has established and continues to strengthen the strategic partnership with Hydra Arc for training learners in the Artisan Development Programme. MRTT is currently playing a critical role in the established Mpumalanga Provincial Human Capital work-stream forum aimed at addressing and securing work-integrated learning under the leadership of the Hon Premier's office, which includes participating stakeholders such as Eskom, Sasol, Department of Education and Department of Economic Development. One other key stakeholder in the area of youth development, which we established and continue to maintain good working relations with, is the National Youth Development Agency (NYDA). The strategic relationship between MRTT and NYDA has proven to be highly fruitful in delivering higher positive results and adds value to the training programme by offering counselling and life skills support to beneficiaries. The entity intends to extend the relationship to other sister departments.

Challenges faced by the Board

With the evolving economic climate, the Board of Directors grapples with strategic decisions to continuously provide the same level of service delivery within severe budget constraints. The background and socio-economic circumstances of our learners, demands that the entity must continuously subsidise the learners one way or the other, and also increase self-generated revenue to ensure self-sustainability. The entity through the leadership of the Board of Directors had to reconsider and reassess the operational and revenue model. Going forward, MRTT will continue to focus on the strategic areas of placement and certification of learners. It will also continue its current momentum of maintaining and developing skills, focused inwardly and outwardly, to handle the Artisan Development Programme and the Provincial Skills Hub project during the 2019/2020 financial year.

In the period ahead, we will continue strengthening the stakeholder relationships, partnerships and governance of the entity through effective functioning of the Board and its sub-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 Board of Directors will continue to ensure continuous improvement in all areas of governance, including oversight on maintenance and the infrastructure of all MRTT training centres, projects enhancement of transformation and development impact in all the eight (8) targeted local municipalities within the province.

The entity will be looking at strengthening the establishment of the Provincial Skills and Innovation 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 the industry as entrepreneurial business development.

The four key priorities for the 2019/20 towards the operationalization of the Provincial Skills and Innovation Hub are;

- Business registration of the Provincial Skills and Innovation Hub as a legal entity and transfer of the land purchased for the construction of the Provincial Skills and Innovation Hub.
- Corporate strategy and the realignment of the organisational structure of MRTT
- Key appointments of the implementation and management team
- Engagements with stakeholders to generate inputs and commitment in support of the objectives of the Provincial Skills and Innovation Hub and role-player partnership agreements

The year ahead

The Board (through MRTT) would like to align itself with, and support the strategic plan of the province (as laid out by the premier in her SOPA speech as she was outlining the manifesto for the sixth administration). The Board will implement the strategic objectives of MRTT and execute projects that support the **Province's five-year priorities plan and financial outcomes** (provincial performance review, draft provincial medium-term strategic framework, provincial budget and expenditure outcomes for the 2019/20 financial year). **Five-year priorities plan for Social Transformation** (Quality Basic Education, Skilled and capable workforce to support growth and long healthy life for all, social protection, nation-building and social cohesion), **Five-year priorities plan for Economic growth and Employment project drivers** (Provincial Infrastructure Master Plans, Effective Economic Infrastructure Network), **Five year Priorities plan for building a capable Province and Active citizenship**.

We will embark on a radical business/economic transformation and community development drive and path, that will ensure the youth of the province and their communities are correctly skilled and empowered. This will enable them to participate and contribute to local economic growth and enhance social cohesion. We will engage our sister departments and all other stakeholders and pledge for their maximum support and sign MOUs (particularly on infrastructure projects) to ensure our youth/learners are placed in different work environments and acquire the necessary experience to enable them to be competitive and productive in their field, thereby positively contributing towards sustainable economic growth of the Province.

Conclusion

The Board joins me in acknowledging the sterling work and oversight role by the Department of Education and thanking all the stakeholders for their confidence in MRTT and continued financial support. I wish to thank the former Honourable MEC of Education Mr S.I. Malaza for his support over the period in my capacity as Chairperson of the Board. The Board of Directors also extends a warm welcome to the newly appointed Honourable MEC of Education, Mr B. Majuba and wish to affirm the Board 's commitment to providing leadership and guidance to the management team and the entire institution. The last quarter was stressful and I wish to thank the Board and individual directors for their undivided attention and commitment to manage the workload faced since the beginning of the financial year. We could not have come this far, without their in-depth knowledge, attention to detail and personal sacrifices.

On behalf of the Board, I would like to express my appreciation to MRTT Senior Management team, led by the CEO, Mr Riaan Oosthuizen who has superbly steered the organisation for the past three years (3) to the marvel it has become. This short exposure with management has been a wonderful experience and a privilege to work with. I wish the organisation continued success in meeting its vision and strategic intent. Finally, as we move forward into 2019/20 and beyond, I am proud of the achievements, hard work and loyalty of the employees and other support staff for their resilience and unwavering commitment to contributing to the reduction of poverty and youth unemployment in Mpumalanga, by facilitating the skills programmes in under-serviced communities.

Mr TR Mokgoshi
Chairperson: MRTT
Date: 31 May 2019

5. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr R Oosthuizen
Chief Executive Officer: MRTT

General financial review of the public entity

The financial performance of the Mpumalanga Regional Training Trust (MRTT) has experienced some fluctuations in its revenue sources, that is, both grant allocations and own generated revenue year-on-year. Government grant allocation decreased by 34.4%, compared to the previous financial year. Own generated revenue decreased from R53.7 million to R33.6 million from the previous financial year translating to a 60% decrease from the previous financial year. On the expenditure side, there has been an increase in expenditure from R125.5 million to R147.4 million, that is, 17.5% increment compared to the previous financial year.

The MRTT realized a deficit of R6.1 million compared to a R30.3 million surplus realised the previous financial year. The financial position of the entity has increased by 9% in terms of its asset base resulting from revaluation of its land and buildings during the year under review. Both the solvency and liquidity positions show a drastic improvement in the last five (5) financial years. 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 remain adequate to cover total liabilities of the entity. The entity revalued its properties in March 2019 as per its accounting policy (every 5 years). The properties were revalued by an independent appraiser registered as a Professional Association of Valuers with the South African Council for Property Valuers Profession.

Spending trends of the public entity

Financial Year	2014/15	2015/16	2016/17	2017/18	2018/19
Expenditure	134 544	141 263	111 786	125 494	147 383

Capacity constraints and challenges facing the public entity

The entity is faced with the impact of the country's negative economic outlook, that is, the recession in the year under review which in turn increases the poverty levels of the communities that the entity serves. This challenge is being worsened by the contraction in the economy by 3.2%. These challenges contributed to the continued decline in the revenue sources of the entity.

Discontinued activities / activities to be discontinued

There were no discontinued and/or plans to discontinue any operational activities in the financial year under review.

New or proposed activities

The entity is currently embarking on an organisational redesign resulting from the corporate strategy exercise. Furthermore, appointment of key staff for projects, skills development, economic and entrepreneurial development roles ensuring implementation and management of the Provincial Skills and Innovation Hub is needed. The recruitment and selection processes of the team will commence whilst the Provincial Skills and Innovation Hub is being registered.

Requests for roll over of funds

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

Supply Chain Management

Planned training was conducted for Supply Chain Management (SCM) staff, as well as other staff members. The MRTT is using the Central Supply Database successfully to identify suppliers and service providers. There are amended policies in place and the recommendations from the Auditor-General's report are being implemented for procuring goods and services.

All concluded unsolicited bid proposals for the year under review

There were no concluded unsolicited bids proposals which were received by MRTT management for the year under review.

Whether Supply Chain Management (SCM) processes and systems are in place

MRTT has an approved Supply Chain Management policy, Standard Operating Procedures (SoP) are also in place, follows the Public Finance Management Act, no.1 of 1999; Treasury Regulations; PPPFA and all instruction notes and circulars issued by both National and Provincial Treasuries.

Challenges experienced and how they were resolved

Challenges that were uncovered and raised as audit findings from the Auditor-General South Africa (AGSA) were continually addressed by using the action plan on reported audit findings and progress is reported in Senior Management Committee (SMCO) meetings; Finance and Remuneration Committee; Audit and Risk Committee and Board of Directors meetings on a monthly and quarterly basis.

Audit report matters in the previous year and how they would be addressed

The entity obtained a “clean audit report” in the previous financial year, issues that were in the audit report and final management letter were put in the action plan on reported audit findings and were monitored and progress reported throughout the 2018/19 financial.

Outlook/ plans for the future to address financial challenges

MRTT has set up a revenue generation task team that in conjunction with Provincial Revenue Generation Committee explore a range of potential revenue streams in order to achieve financial sustainability. The MRTT Revenue Task Team meets regularly to discuss progress made with regards to various revenue generation avenues. The Provincial Treasury oversees the revenue generation in Mpumalanga.

Events after the reporting date

There are no post-reporting events to report on.

Economic viability

The entity's financial and/or economic viability remains a high agenda point on account of the prevailing economic condition(s) faced by the South African economy, with slow economic growth and high rates of unemployment and poverty levels. Introduction of free-education also has an impact on the economic viability as our target group is demanding free education. The MRTT is not accredited under Higher Education and therefore our learners cannot apply for grant funding. The budgetary constraints experienced by our mother department, Mpumalanga Department of Education also has an impact on the entity's budget. The new Corporate Strategy will allow MRTT to explore new avenues to mitigate these challenges and risks.

Acknowledgement/s or appreciation

I would like to express my sincere gratitude to the MEC for Education in the province 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, AgriSETA 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 for allowing MRTT to develop a new Corporate Strategy with a unique creative and innovative vision and mission. And last but not least, I would like to acknowledge the hard-work and contributions by the MRTT employees to the success of the entity in a period of transition and uncertainty.

Mr R Oosthuizen
Date: 31 May 2019

" Project, Skills Development, Economic and Entrepreneurial Development"

6. 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 the annual report 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 the public entity.

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

The accounting authority is responsible for establishing and implementing a system of internal control 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 2019.

Yours faithfully

Chief Executive Officer
Mr R Oosthuizen
Date: 31 May 2019

Chairperson of the Board
Mr TR Mokgoshi
Date: 31 May 2019

7. STRATEGIC OVERVIEW

Mandate

As a public entity reporting through the Board of Directors to the MEC of 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; and
- To empower learners, primarily the disadvantaged communities, industry workers and government employees to participate in the broader economic sphere of the province.

Vision

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

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.

Values

As an entity, we espouse to the following values in the delivery of our services;

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

" Accountability, Commitment, Innovation, Integrity and Professionalism"

8. LEGISLATIVE AND OTHER MANDATES

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

Mandates	Purpose
Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	The constitution 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)	The 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)	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)	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)	Regulates 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.
Companies Act, 2008 (Act No. 71 of 2008)	Provides 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)	Promotes 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)	Gives effect to the right to fair labour practices referred to in section 23(1) of the Constitution, by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation (ILO); as well as to provide for matters connected therewith.
Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; 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 1993/006132/08.***
- 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.*

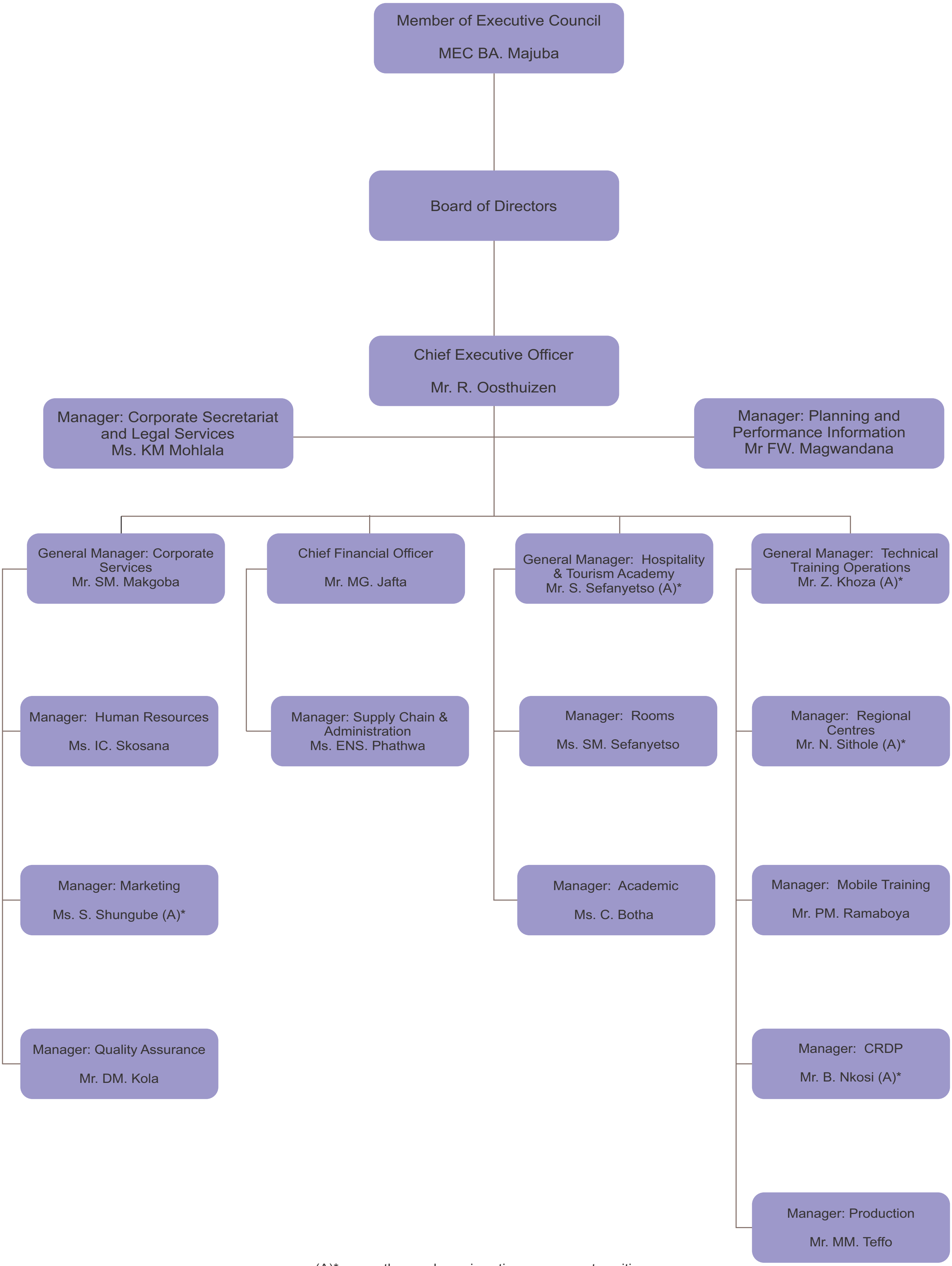
MRTT ACCREDITATION STATUS

MRTT is accredited according to the Education and Training Quality Assurance (ETQA) accreditation and has the following 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



(A)*means the employee is acting on a vacant position

PART B

Performance Information

1. REPORT OF THE AUDITOR GENERAL: PREDETERMINED OBJECTIVES

The AGSA as an external auditor has performed 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 84 of the report of the Auditor General report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The strategic objectives of the entity contribute to the success and achievement of the provincial mandate of training out-of-school, underprivileged and disadvantaged youth from the province by offering either affordable and/or funded learning opportunities which are meant to translate into real employment and skills development in the Hospitality and Tourism Industry. The learning programmes are also designed in a manner that also empowers the learners to venture into entrepreneurship and to contribute to the mainstream economy and create more jobs rather than just being job seekers.

To achieve these objectives, the entity was faced with enormous challenges such as:

The hailstorm that struck the Hospitality and Tourism Academy on the 27th of May 2018. Due to this unforeseen circumstance, Programme 1 couldn't achieve the revenue targets as projected for the 2018/19 financial year.

The turnaround times of support services such as procurement and human resources will be enhanced to ensure that they provide adequate and timeous support to core functions to be able to achieve their targets.

Outdated equipment and infrastructure pose challenges to service delivery, due to the fact that the grant funding is dedicated to the core business of training programmes and therefore maintenance of infrastructure is compromised.

The other challenges are learners who often focus more on the available funding or stipends as opposed to planning a life-long career in these fields, and this leads them into absconding without completing the programmes as soon as they find something better. Despite the cost-effectiveness of the learning programmes offered, most of the learners from the targeted backgrounds and communities are unable to afford the tuition fees as their daily financial challenges do not make studying full-time easy, this also poses another challenge for the entity as it affects its revenue generation targets.

For the period under review, the issue of capacity and funding persisted as a constraint in hampering the entity from achieving more of its targets, especially with regards to learners who are unable to pay their own fees. As a public entity, it is sometimes difficult to respond positively to market and economic demands required by industry especially if they are not in the APP of the entity for that particular financial year.

Mostly the entity sourced its funded training programmes from the Department of Labour (DoE), CATHSSETA, CETA and South African Chef 's Association Youth Programme (SACA) to assist the learners who are planning a life-long career in the Hospitality and Tourism Industry and other programmes offered by the entity.

In the process of implementing the Comprehensive Rural Development Programme (CRDP), and delivering training, the entity identified Bushbuckridge, Chief Albert Luthuli, Dipaleseng, Dr JS Moroka, Mkhondo, Nkomazi, Pixley ka Isaka Seme and Thembisile Hani municipalities as suppliers of learners for the programme. These municipalities were able to offer learners to the programme. The consultative interactions with the different stakeholders are adding immense value in the training that is provided to these learners from the eight municipalities. These interactions in some instances have resulted in the introduction of the Agricultural programmes (Mixed Farming and Animal Production) being offered in different municipalities.

2.2 Organisational Environment

The entity has five key management executive positions. Over the period under review, the entity was able to successfully retain the incumbents to these positions of the; Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the General Manager Corporate Services. The other two positions of General Manager Technical Training Operations and General Manager Hotel and Tourism Academy are filled by acting personnel. These positions are to ensure stability, administrative effectiveness and provide strategic guidance to the entity to achieve its strategic objectives, vision and mandate.

Other critical positions within the entity have also been filled, and the rate of staff turnover for the financial year under review was at zero percent, which is acceptable and does not pose any threat to the stability of the entity.

2.3 Key policy developments and legislative changes

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

2.4 Strategic Outcome Oriented Goals

This annual report is the fourth 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 strategic oriented 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 was 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 (MRTT) 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 2018/19 financial year, the entity managed to provide training to 164 learners in hospitality and tourism. In technical skills training, a total of 1 806 learners were trained in the various training centres in construction and engineering skills. The mobile training division has provided skills to 1 001 learners through learnerships in building and civil construction as well as air conditioning and refrigeration and 798 learners were trained in the Comprehensive Rural Development Programme (CRDP).

The Artisan Development programme was converted into a full apprenticeship programme towards artisanship. At the time of reporting, there were 643 learners in the programme at different levels of institutional, practical and in-service training.

Providing an Effective Support System

The entity continues to ensure compliance with internal training policies and the Sector Education and Training Authority (SETA) set criteria, four (4) internal compliance audits were conducted in the period under review. Financial management and governance were continuously enhanced by the implementation of, and compliance with legislation, such as the Public Finance Management Act (PFMA); Generally Recognised Accounting Practice (GRAP) and International Financial Reporting Standards (IFRS) as well as King IV 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

The entity continued to market products and services that it is providing to the communities across the province in order to enhance learner recruitment. The entity conducted 27 school visits, 37 learner recruitment adverts, and 51 career guidance sessions. 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 and this affects the entities' performance as set on its APP.

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) and coaching and mentoring. There are still challenges experienced with the placement of learners due to limited opportunities which are subsequent to the general unemployment rate and lack of jobs in the province.

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 for Programme 1: Hospitality and Tourism Academy

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 Beverages services for income generation and learner workplace training by 2020.

Strategic objectives, planned targets and actual achievements

PROGRAMME: HOSPITALITY AND TOURISM ACADEMY					
Strategic objectives	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
Provision of theoretical and practical skills training.	215 learners	160 learners	164 learners	+4 learners	The variance was due to the increase in learner interest in customized training programmes and the CATHSSETA project that commenced in Q2 of 2018/19
Graded and accredited accommodation services and workplace training	Maintain grading and accreditation	Maintain grading and accreditation	Maintained grading and accreditation	-	-

PROGRAMME: HOSPITALITY AND TOURISM ACADEMY					
Strategic objectives	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
Graded and accredited Food and Beverage services and workplace training	Maintain grading and accreditation	Maintain grading and accreditation	Maintained grading and accreditation	-	-

SUB-PROGRAMME: ACADEMIC

Business Focus: Capacity building in Hospitality & Tourism as per CATHSSETA identified scarce skills within the prescribed standards to enable meaningful participation in the development of the industry.

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: ACADEMIC							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI101: Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	132 learners	109 learners	100 learners	100 learners	100 learners	-	-
PPI102: Number of learners to receive training in SAQA registered Learning Programmes in Hospitality Studies (Hotel Operations)	111 learners	108 learners	20 learners	20 learners	23 learners	+3 learners	The variance was due to the CATHSSETA project that commenced in Q2 of 2018/19.

SUB-PROGRAMME: ACADEMIC							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI103: Number of learners to receive customized/ skills training Programmes in Hospitality Studies	New indicator	14 learners	20 learners	40 learners	41 learners	+1 learner	The variance was due to the increase in learner interest in customized training programmes
PPI104: Revenue generated in Academic Sub-programme	R3 780 405	R1 472 121	R 1 500 000	R 3 432 000	R2 052 657	-R 1 379 343	The variance is due to the hail-storm damage to the facility which affected the hotel operation

The strategic objectives of this sub-programme contribute to the achievement of the entity's overall strategic objectives and the mandate of the province in terms of skills development in the hospitality and tourism industry. The hailstorm that affected the area also impacted negatively on the performance of the facility and this also had a negative impact on the revenue generation for the facility as it is reflected in PPI 104 above.

Strategy to overcome areas of under performance

The renovations to the facility have already started and they should be completed soon. This will bring the hotel back into business with paying guest and the use of other facilities within the hotel. The revenue will then be boosted and remedy the under performance.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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

SUB-PROGRAMME: ROOMS							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 105: Percentage of learners receiving coaching and mentoring in the workplace for SAQA qualifications in Hotel Operations	Coaching and mentoring in the workplace to 100% (49) of learners trained in Academic.	Coaching and mentoring in the workplace to 100% (48) of learners trained in Academic.	100% (20) of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	-	-
PPI 106: Revenue projected in Rooms Sub-programme	R 1 657 561	R1 993 864	R1 771 563	R2 094 000	R1 107 938	-R986 062	The variance is due to the hail-storm damage to the facility which affected the hotel operation
PPI 107: Maintain 3 Star Tourism Grading	3-star Tourism grading was retained	3-Star Tourism Grading was Maintained	Maintain 3-Star Tourism Grading	Retain 3-Star Tourism Grading	3-Star Tourism Grading retained	-	-
PPI 108: Attain set room occupancy	43%	58%	55%	55%	23%	-32%	The variance is due to the hail-storm damage to the facility which affected the hotel operation

The targets and indicators of this sub-programme contribute to the achievement of the entity's overall strategic objectives and the mandate of the province in terms of skills development in the hospitality and tourism industry. The under achievement in PPI 106 and PPI 108 was as a result of the hailstorm that occurred on the 27th of May 2018.

Strategy to overcome areas of under performance

Once the renovations and repairs of the Hospitality and Tourism Academy are completed, the sub-programme Rooms will embark on a vigorous advertising and marketing programme of the hotel offering and products in order to attract more business and learners.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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 achievments

SUB-PROGRAMME: FOOD AND BEVERAGE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 109: Percentage of learners receiving coaching and mentoring in the workplace for SAQA Culinary qualifications	100% (132) learners trained in Academic were coached and mentored in the workplace	Coaching and mentoring in the workplace to 100% (109) learners trained in Academic	100% (100) of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	-	-
PPI 110: Percentage of learners receiving coaching and mentoring in the workplace for SAQA qualifications in Hotel Operations	100% (111) learners trained in Academic were coached and mentored in the workplace.	100% (60) learners trained in Academic	100% (20) of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	-	-
PPI 111: Revenue projected in Food and Beverage Sub-programme	R2 549 783	R2 795 717	R2 530 000	R2 935 000	R797 634.00	-R2 137 366	The variance is due to the hail-storm damage to the facility which affected the hotel operation
PPI 112: Maintain set standard food cost of sales percentage	33%	40%	38%	38%	36%	+2%	The cost was kept below the target, this is a positive achievement
PPI 113: Maintain set standard beverage cost of sales percentage	28%	28%	34%	34%	27%	+7%	The cost was kept below the target, this is a positive achievement

SUB-PROGRAMME: FOOD AND BEVERAGE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 114: Maintain adequate food and hygiene standards as set by the industry standard food & hygiene regulation	86%	87%	85%	85%	88%	+3%	The variance was a result of the implementa-tion of the hygiene and safety procedures.

The targets and indicators of this sub-programme contribute to the achievement of the entity's overall strategic objectives and the mandate of the province in terms of skills development in the hospitality and tourism industry. The under achievement in PPI 111 was as a result of the hailstorm that occurred in the area on the 27th of May 2018.

Strategy to overcome areas of under performance

Once the renovations and repairs of the Hospitality and Tourism Academy are completed, the sub-programme Food and Beverage will embark on a vigorous advertising and marketing of the hotel offerings and products in order to attract more business and learners. The sub-programme, Food & Beverage, will also join the National and Provincial Convention Bureau to attract bookings for conferencing and meetings to the establishment. This will be a new market for the facility as it has never tapped into it before.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

3.2 PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

Programme Purpose: To develop skills in technical and other areas, quality training through Training Centres and 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 5000 learners in artisan development programmes focusing on Construction, Manufacturing and Engineering related trades by 2020.

STRATEGIC OBJECTIVE	Customised, and accredited skills training
OBJECTIVE STATEMENT	To provide customised and accredited construction, manufacturing and engineering skills training to 2000 learners and 2000 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 3600 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.

" Technical training Operations"

Strategic objectives, planned targets and actual achievements

TECHNICAL TRAINING OPERATIONS					
Strategic objectives	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
Accredited skills training and qualifications programmes.	1 100 learners	1 100 learners	1 087 learners	-13 learners	The variance was due to learner drop-outs due to relocation to other areas or getting full-time employment while still in training.
Artisan development	1 000 learners	1 187 learners	643 learners	-544 learners	The variance was due to the budget cut which was beyond the control of the entity. More learners have also completed their training, and some got permanent employment as semi-skilled artisans prior to completing the programme.
Customised, and accredited skills	400 learners	400 learners	531 learners	+131 learners	The variance was as a result of an increase in demand for the customised skills training.
Learnerships and Apprenticeships.	400 learners	400 learners	470 learners	+70 learners	The variance was due to additional financial opportunities above the allocated funding for training in order to increase the number of learners trained
Comprehensive Rural Development Programme (CRDP)	720 learners	720 learners	798 learners	+78 learners	The variance was due to the roll-over of learners from the previous financial year who could not complete on time
Provision of workplace training	200 learners	200 learners	204 learners	+4 learners	The variance was due to the various sanitation and school renovations projects secured during the financial year.

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: TRAINING CENTRES							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 201: Number of learners to receive accredited or customise institutional training in construction, manufacturing and engineering skills	1 221 learners	901 learners trained in construction manufacturing and engineering skills	1 100 learners to be trained in Construction, manufacturing and engineering skills	1 100 learners to be trained in construction, manufacturing and engineering skills	1 087 learners trained in construction, manufacturing and engineering skills	-13 learners	The variance was due to learner drop-outs due to relocations to other areas or getting full-time employment while still on training.
PPI 202: Number of learners placed for workplace integrated learning	992 learners	147 learners	900 learners	900 learners	95 learners placed	- 805 learners	The variance was due to the inability to secure workplace training for learners due to shortage of workplace opportunities closer to the training centres and relocation is also a challenge. The entity is working on finding workplace training funding to assist such learners.
PPI 203: Number of candidates on RPL and Trade Testing	0	45 candidates	45 candidates	45 candidates	76 candidates	+31 candidates	The variance was due to an increased interest in our Trade Test offerings as a result of the upgrade in our trade testing facilities.

SUB-PROGRAMME: TRAINING CENTRES							
Programme Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
PPI 204: Number of learners trained through an apprenticeship programme towards artisanship status.	1 173 learners	1 000 learners trained through an apprenticeship programme towards artisanship status	1 000 learners trained through an apprenticeship programme towards artisanship status	1 187 continuous institutional; practical and workplace training of current learners in different trades/ programmes	634 learners remaining in the programme	-553 learners	The variance was due to the budget cut which was beyond the control of the entity. More learners have also completed their training, and some got permanent employment as semi-skilled artisans prior to completing the programme.
PPI 205: Income to be generated from learner's fees	R2 679 552	R 3 655 490	R 8 106 000	R 8 106 000	R 2 771 193	-R 5 334 807	The variance is as a result of raising revenue through fee-paying learners, our target market faces financial constraints and are unable to pay study fees.

The achievement of the strategic objectives and targets of the entity assists the entity in ensuring that it achieves its mandate towards skills development in the province of Mpumalanga. Through the entity's partnership with Hydra Arc group in the Artisan Development programme, 211 qualified artisans, 92 boilermakers and 119 welders were produced. Currently the programme has 643 learners who are continuing with the programme, 544 learners have completed, and 9 learners were terminated.

Strategy to overcome areas of under performance

Towards the end of the last quarter and going forward efforts were made to ensure that the entity achieves the target of 1 100 learners who receive accredited or customised institutional training through securing funded projects that will assist in meeting our training targets. These efforts are already yielding positive results as in the last quarter of the reporting period the entity managed to secure three different funding projects. As a result, the entity will continue with efforts to secure funding for fee-paying learners who are unable to afford the fees, this will include engaging National Student Financial Aid Scheme (NSFAS) so that the learners can also be afforded an opportunity to apply for bursaries to study through MRTT.

The under-achievement was as a result of learner-dropouts towards the end of the financial year, where learners either got work-opportunities or relocated to other areas.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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

SUB-PROGRAMME: MOBILE							
Programme Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
PPI 206: Number of learners who receive Customised or Skills Programmes	459 learners	471 learners	400 learners	400 learners	531 learners	+131 learners	The variance was as a result of an increase in demand for the customised skills training.
PPI 207: Number of learners to be trained on Learnerships and apprenticeships .	504 learners	395 learners	400 learners	400 learners	470 learners	+70 learners	The variance was due to additional financial opportunities from other sources for training in order to increase the number of learners trained
PPI 208: Number of learners targeted for workplace opportunities and incubation programme	99 learners	330 learners	200 learners	200 learners	250 learners	+50 learners	The variance was due to more learner workplace training opportunities that were secured.

The over achievement by the sub-programme is an added value in increasing the number of young skilled people in the province as part of the entity's contribution towards skills development. To ensure that more learners are reached, the entity always looks for additional financial opportunities over and above the allocated funding for training in order to increase the number of young people trained in the province. More learner workplace training opportunities were secured in the different Mobile training areas around the province where our training is being conducted outside the training centres which makes it easier to locate projects for workplace training.

Strategy to overcome areas of under performance

The Mobile sub-programme did not under-perform during the period under review. Efforts will be made to ensure that the sub-programme continues to achieve its targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)

Business Focus: To uplift and enable rural communities' to fully participate and take 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.

SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)							
Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 209: Number of learners who received accredited training	614 learners	698 learners receiving continuous training in construction and engineering trades	720 learners	720 learners targeted for accredited training in Technical and Agricultural related trades.	798 learners Facilitated the registration of 11 cooperatives	+78 learners	The variance was due to the roll-over of learners from the previous financial year who could not complete on time in 2017/18

The over achievement in the sub-programme was as a result of the roll-over of learners from the previous financial year who could not complete on time due to delays in the recruitment processes by some of the local municipalities who are supplying the entity with learners for this programme. The delays resulted in the learners starting the training late and completing in this financial year.

Strategy to overcome areas of under performance

The CRDP sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continue to achieve its targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

SUB-PROGRAMME: TECHNICAL PRODUCTION

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

SUB-PROGRAMME: TECHNICAL PRODUCTION							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 210: Number of learners to be coached and mentored in workplace for experiential training in construction and engineering related trades	291 learners	212 learners	200 learners	200 learners	204 learners	+4 learners	The variance was due to the various sanitation and school renovations projects secured during the financial year.
PPI 211: Revenue to be generated from projects and workplace training.	R14 710	R 680 326	R6 500 000	R 6 500 000	R 7 484 581	+R 984 581	The variance was due to the sanitation and school renovations projects secured during this financial year.

Production sub-programme was able to mentor and coach more learners in this financial year, this opportunity was presented by the various sanitation and school renovations projects which were secured. This also provided an opportunity for the entity to generate revenue from the same projects.

Strategy to overcome areas of under performance

The Production sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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 though 80 career exhibitions, 60 school visits and 12 training projects 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

Corporate Services					
Strategic objectives	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
Assuring quality of training	100% compliance to internal training policies	100% compliance to internal training policies	100% compliance to internal training policies	-	-
Financial Management	Clean audit opinion	Clean audit opinion	Progress will be available after the 2017/18 AGSA audit	-	-
Increased learner intake	20 career exhibitions, 20 school visits and 4 training projects	25 career exhibitions, 25 school visits and 4 training projects	51 career exhibitions, 27 school visits, 3 SLA training projects	+ 26 career exhibitions, +2 school visits	More invitations were received from various stakeholders.
Administrative Support Management	Zero finding	Zero finding	Progress will be available after the 2017/18 AGSA audit	-	-
Human Resource Management	20 employees	20 employees	35 employees	+15 employees	The sub-programme received more requests for training than anticipated.
Legal and Secretarial Management	4 quarterly meetings	4 quarterly meetings	10 quarterly meetings	+ 6 quarterly meetings	The variance was due to special board meetings which were convened.
Monitoring and Evaluation	4 quarterly evaluations	4 evaluations	4 quarterly evaluations	-	-

SUB-PROGRAMME: QUALITY ASSURANCE

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

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: QUALITY ASSURANCE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/19**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
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 4 audits on compliance to internal training policies and procedures and conducted 1 management review.	Conducted 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 1 management review.	Conducted 4 audits on compliance to internal training policies and procedures and conducted 1 management review	-	-

SUB-PROGRAMME: QUALITY ASSURANCE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 302: Number of procedures reviewed in line with ISO 9001: 2008	Reviewed 6 QMS procedures to ISO 9001: 2008 on learner recruitment and selection, assessment and moderation, learner entry and programme delivery	Reviewed 7 QMS procedures to ISO 9001: 2015	Review 7 QMS procedures to ISO 9001: 2015	Review 8 QMS procedures to ISO 9001: 2015	Reviewed 8 QMS procedures to ISO 9001:2015	-	-
PPI 303: Number of Accreditation/ Programme approval renewed and maintained with SETAs	Maintained 1 programme approval with MerSETA.	Process of extending the scope with AgriSETA has commenced	Maintain 2 programme approvals with MerSETA , EWSETA and extend and maintain scope with AgriSETA	Maintained 3 programme approvals with MerSETA, EWSETA and. AgriSETA	Maintained 3 programme approvals with MerSETA, EWSETA and AgriSETA	-	-
	Maintained 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA.	Maintained 1 Primary accreditation with CETA & 3 Programme approvals with CATHSSETA MerSETA & EWSETA	Maintain 1 Primary accreditation with CETA & Programme approvals with CATHSSETA	Maintained 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA	Maintained 1 primary accreditation with CETA & 1 programme approval with CATHSSETA	-	-
PPI 304: Percentage of Skills Programmes, Learnerships and Apprenticeships registered.	Registered 100% Skills Programmes, Learnerships and Apprentice-ships	Registered 100% Skills Programmes, Learnerships and Apprentice-ships	Registered 100% Skills Programmes, Learnerships and Apprentice-ships as per request	Ensure 100% of learning programmes offered are registered.	100% of programmes that were offered were registered	-	-

The Construction Education and Training Authority (CETA) mostly took time in finalizing the registered skills programmes as per the quarters. The matter was finally sorted out with the CETA and they advised also on the new changes in the amended Standard Operating Manual on the registration of the Skills programmes. Exclusion or lack of a common approach in the registration of Skills Programmes from the amended Skills Development Act create challenges to the Skills Development Providers.

Strategy to overcome areas of under performance

The Quality Assurance sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

SUB-PROGRAMME: FINANCE

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

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: FINANCE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 305: Collection of Revenue	102% of external MRTT Revenue was collected	116% of revenue was collected.	86% revenue collected	80% revenue to be collected	80% of MRTT revenue was collected	-	-
PPI 306: Payment of all creditors within 30 days from date of receipt of invoice	100% payments to all creditors were made within the 30 days of receipt of invoice	100% of creditors were paid within 30 days of receipt of invoice	100% of all creditors were paid within 30 days of receipts of invoice	100% payment of all creditors within 30 days of receipts of invoice	100% payment of creditors were paid within 30 days of receipt of invoice	-	-
PPI 307: Maintaining complete and accurate Fixed Asset Register (FAR)	Physical Asset verification was performed for all four (4) quarters. Fixed Asset (FAR) Register was reconciled to the General ledger	Quarterly physical verification of fixed assets was performed and FAR was reconciled to the general ledger and quarterly reports performed	4 quarterly verification of fixed assets were performed and FAR was reconciled to the General Ledger	Perform quarterly physical verification of fixed assets, Reconcile Fixed Asset Register to General Ledger and Perform quarterly report	Conducted Physical Asset Verifications, reconciled Fixed Asset Register to the General Ledger and compiled quarterly reports	-	-

SUB-PROGRAMME: FINANCE							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/19**	**Comment on deviations**
PPI 308: Prepare and submit Financial Performance Reports	Prepared and submitted Financial performance reports to SMCO, Audit Committee and Board of Directors	Financial performance reports were submitted to SMCO; Audit Committee and Board of Directors.	Financial performance reports were submitted 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 prepared and submitted to SMCO, Audit Committee and the Board of Directors	-	-
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 on due date 29th of May 2015	Annual Financial Statements were submitted on due date 29th of May 2016	Annual Financial statements were submitted on due date of the 29th of May 2018	Submission of Annual Financial Statement to AGSA and Provincial Treasury (PT) on/or before the due date of 31st of May	Annual Financial Statements were duly prepared, approved and submitted to AGSA and Provincial Treasury on or before the 31st of May	-	-

For the period under review the generation of revenue was hampered by a number of challenges such as the hailstorm that damaged the HTA facility, as well as the economic challenges that are facing most of the fee-paying learners who are facing financial constraints.

Strategy to overcome areas of under performance

The Finance sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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

SUB-PROGRAMME: MARKETING							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 310: Number of learner recruitment advertisements; Career and Stakeholder exhibitions and school visits	5 learner recruitment adverts were conducted	15 learner recruitment advertisements (print/ electronic) were placed	18 learner recruitment advertisements (print/ electronic media)	6 learner recruitment advertisements (print/ electronic media)	37 learner recruitment advertisements (print/ electronic media)	+31 learner recruitment advertisements	The variance was due to negotiated package on local media.
	43 Career & Stakeholder Exhibitions were attended	34 Career and Stakeholder Exhibitions	54 Career and Stakeholder Exhibitions	25 Career & Stakeholder Exhibitions	51 Career & Stakeholder Exhibitions	+26 Career & Stakeholder Exhibitions	The variance was due to high volume of invitations to attend Career and Stakeholder Exhibitions
	20 school visits were conducted	Conducted 32 school visits	29 school visits conducted	Conduct 25 school visits	27 school visits were conducted	+2 schools visited	The variance was due to school visits requests being granted by schools for MRTT to exhibit its programme offerings to learners.
PPI 311: Number of Service Level Agreements (SLA) / Purchase Orders for training projects signed	2 SLA training projects were secured	3 SLA training projects	11 SLA training projects secured	4 SLA training projects	4 SLA training projects signed	-	-

This period saw an increased demand for learner recruitment to ensure that more learners register with the entity's training centres, and to position the entity as a trusted and strong brand within the skills development space. This took more adverts being placed to put the name of the entity out in the market. This also increased the number of invitations that were received to attend career and stakeholder exhibitions to showcase the entity's programme offerings to potential learners.

Strategy to overcome areas of under performance

The Marketing sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

SUB-PROGRAMME: ADMINISTRATION

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

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: ADMINISTRATION							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 312: Ensure full utilisation of the Central Supplier Database	New indicator	Central Supplier Database (CSD) is being used for procurement of goods and services	Central Supplier Database (CSD) utilised for procurement of goods and services	Ensure all SCM personnel are registered on the Central Supplier Database	All SCM personnel were successfully updated and maintained on the Central Supplier Database	-	-
PPI 313: Ensure turnaround time of 20 working days upon receiving a purchase requisition with regards to request for quotation	New indicator	Ensured turnaround time of 20 working days upon receiving a purchase requisition with; regards to request for quotation	3 quotations sourced, evaluation reports issued, and approval granted within the planned turnaround time of 20 working days	Ensure turnaround time of 20 working days upon receiving a purchase requisition with; regards to request for quotation	618 requests for quotations were received over the period under review and 435 were sourced, evaluated and approval was granted within the turnaround period of 20 working days.	-	-
PPI 314: Maintain disaster recovery plan and business continuity strategy	New indicator	Disaster recovery plan and business continuity implemented and maintained	Master plan reviewed Backups completed regularly, and recovery plan maintained	Monitor implementation of the approved ICT strategy	The approved ICT strategy was implemented and monitored	-	-

SUB-PROGRAMME: ADMINISTRATION							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 315: Improve the Information and Communication Technology	New indicator	Installation of the latest system is on hold as per legislation review from National treasury	Benchmarking with similar organisations completed and server capacity reviewed	Advancement of Information and Communication Technology	A benchmarking exercise was conducted on how the ICT could be advanced, this led to the purchase of volume licences for Windows and Office including the review of the server capacity	-	-
PPI 316: Implement the approved Records File Plan	Implemented the approved Stores Control Standard Operating Procedure and conducted 12 monthly physical stock count	Approved Records File Plan was implemented	A file plan workshop was conducted for all employees on the records file planning and the records file planning was implemented	Monitor the implementation of the approved Records file plan	The Records File Plan was implemented and monitored	-	-

The achievement of the targets in this sub-programme enables the entity to function effectively and comply with the legislative and other procurement policies to ensure compliance to Treasury instruction notes. These achievements also ensure that end users can get goods and services on time to enable them to deliver services on time and of good quality.

Strategy to overcome areas of under performance

The Administration sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT (HRM)

Business Focus: The Human Resource Management sub-programme shall as far as possible provide and retain within the entity the highest caliber of employees who will contribute effectively to the objectives of the Company.

Key performance indicators, planned targets and actual achievement

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 317: Percentage of all funded vacant positions filled within a turnaround period of 3 months after approval.	Not achieved	Target was not achieved as planned.	3 positions were filled as per the approved organisational structure: Practitioner; Manager Supply Chain Management and Human Resources Manager.	100% of funded vacant Positions filled within a turnaround period of 3 months after approval of the advert	100% of funded vacant positions were filled within a turnaround period of 3 months after approval of the advertisement	-	-
PPI 318: Number of Performance Management Capacity Building/ support sessions conducted	Coordinated and monitored the implementation of the Performance Management System for all employees	Coordinated and monitored the implementation of the Performance Management System for all employees.	Contracting and assessment between supervisors and subordinates facilitated. Employees signed performance contracts and submitted quarterly performance reports and reports on final performance assessments for sub-programmes are available	4 Performance Management Capacity Building/ support sessions conducted	4 Performance Management Capacity Building/ Support sessions conducted	-	-

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 319: Number of compliance reports submitted to relevant structures (Workplace Skills Plan and Employment Equity Plan) and percentage of the training budget spent on training of employees in line with the WSP	Updated, completed and implemented the Workplace Skills Plan [WSP] and rolled out training	Updated, completed and implemented the Workplace Skills Plan [WSP].	Conducted training needs analysis in line with the WSP and training of employees was provided	01 WSP and 1 EEP submitted to relevant structures	01 WSP submitted to the ETDPSETA and 01 EEP submitted to the Dept. of Labour	-	-
	Not achieved	Target not achieved as planned.	Monitored and evaluated the equity targets and the output is at 50% female Managers and 0% Employees with disabilities.	Percentage of female managers and people with disabilities appointed	46% female managers and 4% people with disabilities appointed	-	-
				100 % of the training budget to be spent on training of employees in line with the WSP	80.82% of training budget spent in line with the WSP	-19.18% of training budget not spent	The variance was due to non-availability of personnel dedicated training and development
PPI 320: Number of Payroll reports generated.	12 payroll report, 1 Skills Development and 1 Employment Equity reports generated	Generated twelve (12) payroll reports	12 Payroll reports Generated	Generate 12 payroll reports	Generated 12 payroll reports	-	-

The entity was not able to spend the 100% budget for training as there were not many employees to be trained, or those who requested training interventions.

Strategy to overcome areas of under performance

Staff will be encouraged or motivated to take up training as an important part of their career development path and as a self-empowerment tool towards career growth.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

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

SUB-PROGRAMME: CEO'S OFFICE (COMPANY SECRETARIAT)							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 321: Ensuring compliance with the principles of Corporate Governance: King III Report as well as the Company policies.	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.	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 Material prepared and circulated to Board Members.	Facilitated the review and signing of performance agreements of the Board of Directors. Training Material procured and circulated to Board Members. Advised the Board of Directors and the Senior Management Committee on resolutions; company Policies and applicable Legislation Presented the Memorandum of Incorporation/ Board Charter to the Board of Directors on the 30 November 2017. The Board training was conducted.	Advise the Board of Directors and the Executive Committee on resolutions, company Policies and applicable Legislation 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 and Board Sub Committees.	Provided advise to the Board on Corporate Governance issues and provided legal advice to Senior Management. The Performance evaluation of the Board of Directors was conducted for the 1st three quarters of 2018/2019.The performance agreement (shareholders compact) was signed. The Memorandum of Incorporation and Board Charter were presented and reviewed by the Board. Circulated the Training manual to the Board.	-	-

SUB-PROGRAMME: CEO'S OFFICE (COMPANY SECRETARIAT)							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 322: Number of SMCO, Risk, Marketing and Technical, Finance and Remco, Audit Committee, Quarterly Board meetings, to be facilitated	Facilitate 12 SMCO, 4 Quarterly and 2 special Audit Committee and 4 Quarterly Board Committee meetings	Facilitated 13 meetings of SMCO, 9 Finance & Remuneration meetings; 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	Facilitated 12 meetings of SMCO, 8 Finance & Remuneration committee meetings; 4 Marketing and Technical Meetings; 4 Risk and Governance Meetings; 6 meetings of the Audit Committee 4 quarterly and 2 special meetings and 6 meetings of the Board of Directors 4 quarterly and 2 special meetings	Facilitate the 12 SMCO, 4 Finance & Remco meeting ;4 Marketing and Technical Meeting ;4 Risk meeting 4 Quarterly Audit Committee and 4 Quarterly Board Committee meetings	Facilitated 12x SMCO 7 Finance & Remco 4 Marketing and Technical 2 Risk and Governance 5 Audit Committee 10 Board meetings 2 workshops on Risk and Governance committee were conducted	+3 Finance and Remco _2 Risk and Governance +1 Audit Committee +6 Board meetings	A decision was taken to have two workshops on Risk and Governance instead of meetings- 9-10 October 2018
PPI 323: Attend to legal matters brought to the Corporate secretariat and Legal services office	All legal matters were attended to within 5 days	Attended all legal matters within 14 days.	Attended all legal matters within 14 days	To attend to all Legal Matters within fourteen (14) days.	All legal matters received were attended to within the fourteen (14) days turn around period	-	-

This financial year marked the end of the term of the previous board, which ended on the 30th of November 2018. A new board was appointed on the 01st of December 2018, chaired by Mr TR Mokgoshi to take the work of guiding and providing strategic support to the entity forward.

Strategy to overcome areas of under performance

The sub-programme did not under-perform during this financial year. Efforts will be made to ensure that the sub-programme continues to achieve its set targets.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

Key performance indicators, planned targets and actual achievements

SUB-PROGRAMME: CEO'S OFFICE (PERFORMANCE INFORMATION MANAGEMENT)							
Programme Performance Indicator	**Actual Achievement 2015/2016**	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Planned Target 2018/2019**	**Actual Achievement 2018/2019**	**Deviation from planned target to Actual Achievement for 2018/2019**	**Comment on deviations**
PPI 324: Number of quality reports compiled	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.	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 12 Months Report completed	+1 (12 Months report completed)	The variance was due to the consolidation of the annual performance for 2018/19.
PPI 325: Number of Plans compiled, and planning sessions held.	1 Annual Performance Plan (APP) for 2016/17 compiled Conducted 2 Strategic Planning Workshops	1 Annual Performance Plan (APP) for 2016/17 compiled held 1 Strategic Planning session.	1 Annual Performance Plan (APP) for 2017/18 compiled. Strategic Planning Workshops with staff and managemen t were conducted	1 Annual Performance Plan (APP) developed and 1 Strategic Planning session held.	1 Annual Performance Plan developed, and Strategic meetings held on the new Corporate Strategy	-	-
PPI 326: Number of Review Sessions conducted	4 Quarterly review sessions conducted	4 Quarterly review sessions conducted	4 Quarterly review sessions conducted	4 Quarterly review sessions conducted.	4 Quarterly review sessions conducted	-	-
PPI 327: Number of Physical verifications conducted	Physical verifications conducted	16 Physical verifications conducted	13 Physical verifications conducted	16 Physical verifications conducted	13 Quarterly physical verifications conducted	-3 Quarterly physical verifications	The variance was due to the shortage of human capacity within the sub-programme

The work of this sub-programme is to ensure that the entity complies with the reporting and planning frameworks within the public sector. It is to ensure that accurate and quality reports are provided to management to take strategic decisions and to account for the performance of the entity. Ensure that planning documents are based on feasible and practical deliverable plans that will be delivered on the strategic objectives and mandate of the entity.

Strategy to overcome areas of under performance

In its efforts to ensure that this sub-programme performs and or deliver on its targets, resources were appointed into the sub-programme to reinforce the work and delivering capability of this sub-programme.

Changes to planned targets

There were no in year changes to the planned targets for the period under review.

4. ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB

A site has been procured and prepared for the establishment of the Provincial Skills and Innovation Hub. National Treasury approval of submission remains outstanding. The Request for Proposals (RFP) for the development of the business case and project implementation, design and development are underway. Several funding applications were made but yet nothing positive has been achieved out of that process. To date stakeholder engagements were successfully held for the Skills and Innovation Hub introductions and collaboration on implementable projects.

5. LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1 Hospitality and Tourism Academy	2018-19 (R'000)			2017-18 (R'000)		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Academic	5,276	4,263	1,013	7,144	5,191	1,953
Rooms	12,384	9,315	3,069	14,064	9,250	4,814
Food and Beverage	7,073	6,737	336	9,302	8,299	1,003
TOTAL	**24,733**	**20,315**	**4,418**	**30,510**	**22,740**	**7,770**

PROGRAMME 2 Technical Training Operations	2018-19 (R'000)			2017-18 (R'000)		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Training centres	23,911	19,723	4,188	20,196	7,924	12,272
Artisan Development	87,905	91,733	-3,828	204,245	167,422	36,823
Mobile	29,730	23,762	5,968	31,047	8,773	22,274
CRDP	35,403	25,169	10,234	32,829	20,142	12,687
Technical Production	7,413	9,063	-1,650	5,042	4,342	700
TOTAL	**183,362**	**169,450**	**14,912**	**293,359**	**208,603**	**84,756**

PROGRAMME 3 Corporate Services	2018-19 (R'000)			2017-18 (R'000)		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Quality assurance	1,412	1,171	241	1,795	1,109	686
Finance	11,176	17,132	-5,956	10,377	15,472	-5,095
Marketing	3,579	3,281	298	3,110	2,687	423
Administration	12,805	11,308	1, 497	12,589	10,556	2,033
Human Resources	9,191	3,928	5,263	6,968	2,695	4,273
CEO	12,183	9,266	2,917	10,521	10,657	-136
Skills Hub	32,295	9,793	22,502	28,500	2,386	26,114
TOTAL	**82,641**	**55,879**	**26,762**	**73,860**	**45,562**	**28,298**

6. REVENUE COLLECTION

SOURCES OF REVENUE	2018-19 (R'000)			2017-18 (R'000)		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Exchange Transactions	57,790	33,569	-24,221	45,276	53,661	8,385
Non-Exchange Transactions	107,664	107,664	0	102,149	102,149	0
TOTAL	**165,454**	**141,233**	**-24,221**	**147,425**	**155,810**	**8,385**

7. CAPITAL INVESTMENT

· **Progress made on implementing the capital, investment and asset management plan.**
Renovations of buildings are in progress at Hospitality and Tourism Academy after the building was damaged by a storm.

· **Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances.**
None.

· **Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed?**
Renovations of buildings are in progress at Hospitality and Tourism Academy after the building was damaged by a storm.

· **Plans to close down or down-grade any current facilities.**
There are no plans to close down or down grade any current facilities.

· **Progress made on the maintenance of infrastructure**
Maintenance of infrastructure is done on an ongoing basis throughout the financial year.

· **Developments relating to the above that are expected to impact on the public entity's current expenditure.**
None.

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

ASSET CLASS	REASON FOR DISPOSAL	VALUE
Computer equipment	Damaged	5,660
Machinery and Equipment	Stolen	40,241
Domestic equipment	Damaged	41,974
Total		**87,875**

· **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 (Pastel Evolution). 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	1,171	19%
Normal	3,836	63%
Fair	1,069	18%
Total	**6,076**	

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

Renovations of buildings are in progress at Hospitality and Tourism Academy after the building was damaged by a storm.

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

None.

PART C

Governance

1. INTRODUCTION

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 the Portfolio Committee meetings where MRTT as an entity was called upon to account for the Committee to exercise its oversight functions over the work and performance of the entity.

THE DATES OF MEETINGS	PURPOSE
15 May 2018	Consideration of the 2018/19 Budget Vote 7 and APPs
07 June 2018	Consideration of the 4th Quarterly Performance reports 2017/18
23 August 2018	Consideration of the 1st Quarterly Performance reports 2018/19
16 October 2018	Consideration of the 2017/18 Annual Reports
13 November 2018	Deliberations on the 2nd Quarterly Performance reports 2018/19
28 February 2019	Consideration of the 3rd Quarterly Performance reports 2018/19

Key issues raised by the Portfolio Committee

Areas of risk/ Issues raised	Action taken/ Response
All training programmes of the entity must be accredited by the South African Qualification Authority (SAQA).	The entity can confirm that it is fully accredited by the statutory bodies and training programmes offered are registered and accredited with the South African Qualifications Authority (SAQA) through the relevant Education and Training Quality Assurance (ETQA) of the SETA's.
The entity must ensure that the relevant SETA's fast track the issuing of certificates to qualifying learners enrolled at MRTT.	The entity is working hard in ensuring that when learners complete their training they are presented with certificates at a formal graduation ceremony. Efforts are made on a monthly basis to fast track the issuing of outstanding certificates by the SETA's.
Continue to implement the priorities of the provincial government in relation to the 3-year apprenticeship programme at Hydra Arc and ensure that the targeted 3 000 artisans by the year 2020 is attained.	MRTT is continuing with the training in the artisan development programme through Hydra Arc to ensure that the planned target of 3 000 artisans is achieved. The additional R30 million allocation was disbursed to Hydra Arc (Service Provider) for the rolling-out and implementation of the artisan development training programme.

Areas of risk/ Issues raised	Action taken/ Response
Ensure that the required funding from the Department of Labour and relevant SETA's is secured to enable implementation of the entity's plans to ensure that young people from indigent communities can access training and skills development.	The application and sourcing of additional funding has been prioritised as one of the key elements of the newly developed Corporate Strategy of the entity as a means to self-sustainability, and also to increase the accessibility of its training offerings to the out-of-school youth who are mostly from indigent communities.

3. EXECUTIVE AUTHORITY

The entity submitted the following accountability reports to the Executive Authority and the dates submitted.

NAME OF REPORT	SUBMISSION DATE
4th Quarter (2017/18)	17 April 2018
1st Quarter (2018/19)	20 July 2018
2nd Quarter (2018/19)	16 October 2018
3rd Quarter (2018/19)	18 January 2019
Annual Report (2017/18)	31 August 2018

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. In addition to legislative requirements, corporate governance regarding the entity is applied through the precepts of 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 and overall the Board comprises an appropriate balance of knowledge and skills, experience, diversity and independence for it to discharge its governance role and responsibilities. The term of the former MRTT Board ended 30 November 2018 and this was followed by the appointment of the current Board with effect from 01 December 2018.

The role of the Board is as follows:

- Review the integrity of the financial information and determine whether internal controls and systems of risk management are robust.
- Scrutinise the performance of management in meeting agreed goals, objectives and monitor reporting.
- 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 Committee, Marketing and Technical Committee to assist the Board in fulfilling its roles and responsibilities.
- 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 IV 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 judgement 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.

The Board Charter

The Board is guided by a Charter which sets out its responsibilities, the delegation of authority to its Committees and the frequency of meeting. The Charter further makes provision for annual evaluation of the performance of the Board and its committees to assess their 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 so that there is alignment and working 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.
- 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 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 MRTT BOARD

The former Board consisted of eleven members, nine of which were 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 current Board consists of eight non-executive members and two ex-officio members. The Board is appointed by the Honourable MEC for Education in the 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)
Mr TR Mokgoshi	Current Chairperson	03-12-2018	Still serving	B.Eng (Hons) Chemical Engineering	Engineering	Amatola Water Board	None	2
Ms TE Mawelele	Current Deputy Chairperson	03-12-2018	Still serving	LLM (Corporate Law) LLB Diploma (Insolvency Law)	Practising Attorney	Director: TE Mawelele Attorneys Board Member: Mpumalanga Economic Regulator and Mpumalanga Consumer Affairs Court Chairperson of Compliance Committee: Mpumalanga Economic Regulator Audit Committee Member: Bushbuckridge Local Municipality Former Lecturer: Tswane University of Technology	Finance & Remuneration Committee, Audit & Risk Committee	4

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	Board Member	01-06-2015	Re-appointed 03-12-2018	Industrial Relations	Former CEO Ceta, labour relations	None	Finance & Remuneration, Marketing and Technical Committee	21
Ms GA Deiner	Board Member	01-06-2015	Re – appointed 03-12-2018	Bachelor of Accounting Science (BCompt) BA Higher Education Diploma (Postgraduate)	Professional Accountant (SA) Registered Tax Practitioner	Chairperson and Member Various Committees and Boards in Mpumalanga Province including MEGA, MDE, MPL and MER Managing Directors of Deiner & Associates (Pty) Ltd	Risk & Governance, Audit Committee Finance and Remuneration Committee	15
Mr MB Singwane	Board Member	01-06-2015	Re-appointed 03-12-2018	LLB	Practising Attorney	None	Marketing& Technical, Audit Committee, Risk & Governance	14
Mr B Sibanyoni	Board Member	03-12-2018	Still serving	Certificate in Executive Leadership in Municipal Development.	Property development	Managing Director Mpisana Properties. Former Chief Whip Thembisile Hani Local Municipality.	Marketing & Technical Committee, Audit & Risk Committee	4
Mr MI Tibane	Board Member	03-12-2018	Still serving	Certificate Programme in Management Development for Municipal Finance.	Former Ward Councilor. Former PA to Executive Mayor. Current deputy secretary of SACP.	Nkangala TVET Council Chairperson Current deputy secretary of SACP.	Marketing & Technical Committee	3

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 JH Mathabe	Board Member	03-12-2018	Still serving	Diploma Human Resource Management, Certificate in Public Management	Manager: MTPA	None	Marketing & Technical Committee	2
Mrs FD Mthembu	Former Chairperson	01-06-2015	29-11-2018	Senior Teachers Diploma	Skills Development	None	None	9
Mrs ND Mashinini	Former Deputy Chairperson	01-06-2015	29-11-2018	Degree in Psychology and Sociology	Marketing & Public relations and hospitality Management	None	Marketing & Technical, Risk & Governance	9
Mr MJ Sibiya	Former Board Member	01-06-2015	29-11-2018	Sales & Marketing Management Certificate and Doctor of Philosophy	Media and entertainment Johan Sibiya Promotions	None	Marketing & Technical Committee	11
Mr RS Tshukudu	Former Board Member	01-06-2015	29-11-2018	Bcom Economics	Pensioner Former HOD – Finance Mpumalanga	None	Risk & Governance, Audit Committee, Finance and Remuneration Committee	22
Mr NN Kalidass	Former Board Member	01-06-2015	29-11-2018	Diploma in Quality Assurance and Sugar Technology	Independent consultant	None	Marketing & Technical Committee	12
Mr SM Dibakwane	Former Board Member	01-06-2015	29-11-2018	BA degree & Honours in Political Science, Post Graduate Diploma in Public Policy Advanced Management Development, Master's in Public Policy	Director Strategic Support and stake holder Management (Department of Transport)	None	Marketing & Technical Committee, Finance & Remuneration Committee	8

BOARD COMMITTEES

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Senior management committee	15	05	Mr R Oosthuizen, Mr SM Makgoba, Ms. Z Khoza Mrs S Sefanyetso, Mr M Jafta,
Marketing & Technical committee	04	09	Mr NN Kalidass Mr MJ Sibiya Mr PP Maoko Mrs ND Mashinini Mr MB Singwane Mr SM Dibakwane Mr JH Mathabe Mr MI Tibane Mr B Sibanyoni
Finance and Remuneration Committee	07	5	Mr PP Maoko Mr RS Tshukudu Mr SM Dibakwane Ms GA Deiner Ms TE Mawelele
Risk and Governance Committee	02	05	Mr B Ahmed Mr MB Singwane Ms GA Deiner Mrs ND Mashinini Mr Tshukudu
Audit Committee	07	06	Mr B Ahmed Mr RS Tshukudu Ms GA Deiner Mr MB Singwane Ms TE Mawelele Mr B Sibanyoni
Board of Directors	11	16	Mrs Mthembu (ex-member) Mrs Mashinini (ex-member) Mr RS Tshukudu (ex-member) Mr MJ Sibiya (ex-member) Mr SM Dibakwane (ex-member) Mr NN Kalidass (ex-member) Mr TR Mokgoshi Ms TE Mawelele Mr PP Maoko Ms GA Deiner Mr MB Singwane Mr B Sibanyoni Mr MI Tibane Mr JH Mathabe Mr R Oosthuizen - CEO Mr JR Nkosi - Acting HOD DoE

* There were previously 11 members and the new board has 10 members.

REMUNERATION OF BOARD MEMBERS

Board member remuneration is aligned to the National Treasury guidelines as set out in the Annual Financial Statements. Board Members who represent other government departments or institutions are not remunerated.

Board members who are not remunerated;

- Mr R Oosthuizen – ex-officio member (Chief Executive Officer: MRTT)
- Mr JR Nkosi – ex-officio member (Acting Head of Department of Education in Mpumalanga)

NAME	REMUNERATION	PHONE ALLOWANCE	TOTAL
Mr TR Mokgoshi	45 109	3 000	48 109
Ms TE Mawelele	44 450	1 500	45 950
Mr JH Mathabe	19 440	1 500	20 940
Mr B Sibanyoni	48 156	1 500	49 656
Mr MI Tibane	31 104	1 500	32 604
Mr PP Maoko	207 102	4 500	211 602
Mr BM Singwane	124 447	4 500	128 947
Ms GA Deiner	153 589	4 500	158 089
Mrs FD Mthembu	231 482	6 000	237 482
Mrs ND Mashinini	104 018	3 000	107 018
Dr MJ Sibiya	133 823	3 000	136 823
Mr NN Kalidass	152 701	3 000	155 701
Mr SM Dibakwane	14 757	3 000	17 757
Mr RS Tshukudu	200 269	3 000	203 269
TOTAL	**1 510 448**	**43 500**	**1 553 948**

5. RISK MANAGEMENT

Risk Management is an important element of the organizational strategy and daily operations that impacts on organizational performance. For the reporting period, the Audit Committee and Senior Management undertook an annual risk management workshop in order to identify risks and opportunities from organizational strategy and annual performance targets of 2018/2019 financial year, and some of the risk exposure identified were relating to; Financial sustainability, Information and Communication Technology (ICT), stakeholder relations, fraud and corruption, regulatory framework and compliance with laws and regulations.

The relevant risk mitigations were developed and would be reported to the newly formed Risk Management Committee and Audit & Risk Committees for independent oversight purposes. The key mitigations implemented to reduce the risk exposure relate to sourcing of additional funds through the Revenue Generation Committee, allocation of surplus funds from MDoE and recovery of losses and collections, implementation of cost cutting measures and the demand management plan.

The entity has a Risk Management Policy and Strategy in place, which is being fully implemented. The entity has a Risk Management Committee that 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 risk management has progressed satisfactorily and is supported by the National Treasury.

6. INTERNAL CONTROL UNIT

The internal audit function was outsourced to Nexia SAB&T for the period under review. The internal auditors performed audits 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 Audit and Risk Committee monitors and evaluates the activities of the Internal Audit function.

- Objectively assuring effectiveness of risk management and the internal control framework
- 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.
- Issuing periodic reports to the Audit & Risk Committee and Management summarising the results of audit activities and findings.
- 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 audits and reviews in the following areas:

- Risk Assessment Facilitation
- 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 if the 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.
- Assist the Board in monitoring the integrity of the Financial Statements and overseeing the performance reports.

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 Audit and Risk Committee has adopted formal terms of reference in the form of Audit Committee Charter that has been approved by the Board of MRTT.
- The Committee has conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein. The Committee meets four (4) times a year and as the need arises, a special meeting may be convened.

The tabled below highlights 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 B Ahmed	Bcom (Info Science) BCompt (Hon) AGA(SA)CIMA	External	External	01-01-2018	Still serving	7
Ms GA Deiner	BA, HED, BCompt, Professional Accountant	External	External	06-08-2015	Still serving	4
Mr MB Singwane	LLB	External	External	06-08-2015	Still serving	5
Mr RS Tshukudu	BCom Economics	External	External	06-08-2015	Term ended 30-11-2018	6
Mr B Sibanyoni	Certificate in Executive Leadership in Municipal Development.	External	External	18-02-2019	Still serving	1
Ms TE Mawelele	LLM Corporate Law LLB	External	External	18-02-2019	Still serving	1

8. COMPLIANCE WITH LAWS AND REGULATIONS

The entity has developed policies and procedures in line with legislation, including compliance with Treasury Regulations. Regular workshops and information sharing sessions were 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. The future plan of the institution is to develop a compliance framework with a view of formalizing the compliance element to operate in line with the Generally Accepted Compliance Framework.

9. FRAUD AND CORRUPTION

The public entity's fraud and Corruption prevention policy and the progress made in implementing the policy:

The entity has a fraud and corruption prevention policy that was adopted and approved. The policy is functional and operational and is guided amongst others, by PFMA and Protected Disclosures Act. The entity has as part of its risk management practice taken a zero-tolerance approach towards fraud and corruption by taking a stance on prevention and investigating fraud and corruption incidents, accountability and consequence management.

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

10. MINIMISING CONFLICT OF INTEREST

As part of the process aimed at minimising conflict of interest the Supply Chain Management and Administrative sub-programme provides all employees participating in MRTT procurement committees with a declaration of interest form that must be signed on an annual basis. The entity undergoes a process of declaration of interest whenever the committee sits to adjudicate and deal with other Senior Management 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;
- not to do business with MRTT; and
- the accounting authority members also declares their interest during their scheduled meetings.

Any employee of the entity found to have not declared interests in any tender or procurement process, will be liable of 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 are expected to 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 is notified in writing, an investigation is carried out to establish the facts surrounding the circumstances of the breach, and a recommendation is 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

To ensure compliance with the Occupational Health and Safety Act, the entity has put in place a Health and Safety policy which is currently under review. The entity's 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 considers the safety and wellbeing of staff members, learners and service providers. The entity has further established the Health and Safety committees in the workstations. Occupational Health and Safety representatives have been appointed and capacitated to ensure compliance with the Act.

13. COMPANY/BOARD 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 in the past. However, the current arrangement has corrected the situation and, going into the future, the role and responsibilities have been correctly defined. During the period under review, the role of the Company Secretary entailed the following:

Accounting to the entity's Board

- 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.
- Assist in the proper induction, orientation, ongoing training and education of the Board Members, including assessing the specific training needs of directors and senior management in their fiduciary and other governance responsibilities.
- Ensure that the Board Committee Charters and Terms of Reference are kept up to date.
- Assist the Board with the yearly evaluation of the individual Board Members.
- Certifying the annual financial statements that the company has lodged all relevant returns with the Registrar
- 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.

14. SOCIAL RESPONSIBILITY

The Hospitality and Tourism Academy sponsored a cake to the Office of the MEC during the MANDELA month activities, plus water, breakfast packs and sandwiches, these items were used at the MEC's community projects for the Mandela month activities such as children living with albinism and children from disadvantaged communities as selected by the Office of the MEC. The MEC also hosted an Early Christmas party for top learners from five primary schools in Carolina (which is his constituency) on the 11th December 2018. The event was held at Vilakazi Street in Soweto (Gauteng Province), the entity was also involved in this special project.

The entity sponsored this event through;

- 120 breakfast packs
- 70 bags with toiletries
- 120 pieces of cakes packed in small boxes.

These items were given to the attendees of the event on the day. As part of our social responsibility, the entity also collaborated with the Department of Education on several 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.

The following were the beneficiaries of these projects;

- Construction of a kitchen and renovations at Violet Jiyane Secondary School in Caroline
- Renovations at Sunduza Primary School in Badplaas
- Renovations at Mr Sambo's house in Nhlazatshetha
- Renovations at eMalahleni Hospital
- Renovation at Hlomani Secondary School in Bushbuckridge
- Renovations and cleaning at Sinqobile Primary School in Louieville
- 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 assistance provided in the above varied between the entity providing its learners to help in these projects, gain experience while also helping the communities in ensuring that the infrastructure remained in good use.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 76 (4) (d) of the Public Finance Management Act, Act 1 of 1999, as amended, read with chapter 27 of the Treasury Regulations 3.1.13 issued in terms of the Act. 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

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Audit of Predetermined Objectives
- Follow up reviews
- Supply Chain Management
- Hospitality and Tourism Academy
- Asset Management

- Grant Management
- Compliance Review
- IT GCR follow-up review
- Vulnerability Assessment Report
- Annual Financial Statements Review
- Royal Hotel reports
- Human Resource Management
- Cash and Cash Equivalents
- Supply Chain Management (Expenditure)
- Follow-up on Internal and External Audit reports

A few specific control weaknesses were noted, especially regarding the MRTT Royal Hotel; generally, however, controls evaluated are adequate, appropriate, and partially effective to provide reasonable assurance that risks are being managed and objectives should be met.

In-Year Management and Monthly/Quarterly Reports

The public entity has submitted monthly and quarterly reports to the Executive Authority, for the financial and non-financial performance of the entity.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

Auditor's Report

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

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

Bashir Ahmed
Chairperson of the Audit and Risk Management Committee (Acting)
Mpumalanga Regional Training Trust
31 July 2019

PART D

Human Resource Management

1. INTRODUCTION

Overview of HR matters at the public entity

Mpumalanga Regional Training Trust (MRTT) focuses on the people dimension in management, its people are considered the central driver of the entity's strategy and success. Like any organisation, we are made up of people, acquiring their services, developing their skills, motivating them to higher level of performance and ensuring that they continue to maintain their commitment to the entity in order to achieve its planned objectives.

MRTT Human Resource Management adopted a strategic and comprehensive approach to managing people and the workplace culture. It seeks to achieve coordination and integration with overall planning strategies and other managerial functions. The entity's HRM systems enable employees to contribute effectively and productively to the overall company direction and the accomplishment of the organizational goals and objectives. In the main, MRTT focuses on attracting, developing, motivating and retaining required talent.

The core objectives of the Human Resources Management sub-programme

HRM ensures that the Human Resources practices are aligned to the organisational strategies, thereby helping the entity to reach its goals and ensure effective utilization and maximum development of human resource. Training and development of staff has always been a key to boost the employees' job satisfaction and self-actualization, while ensuring high staff morale.

Some of the key focus areas of the HRM sub-programme are issues related to employees such as Remuneration, Recruitment and Selection, Performance Management, Organization Development, Occupational Health and Safety, Employee Wellness, Employee Motivation, Administration and Training and Development.

The MRTT Human Resource Management consists of the following functions:

Organisational structure development and review;

MRTT has approved and adopted an organisational structure. The entity has adopted a new corporate strategy. Subsequent to the process, a new organisational structure will be adopted in order to ensure the effective and efficient implementation of the new corporate strategy.

Job Analysis

The entity has been continuing to evaluate the functions against the jobs within the institution and align such to the organisational needs, so as to identify the nature and level of human resources required to perform the job effectively through the Human Resource Planning process and budgeting.

Recruitment

The entity through the HRM sub-programme searches for required human resource and stimulates them to apply for jobs in the organization through advertisement of positions.

Selection

In order to ensure that qualified and suitable personnel is selected, MRTT runs through scrutinizing of candidates profiles and judging the suitability of different candidates for jobs in the organisation, interviewing processes, competency assessments where required and eventually choosing the most appropriate candidates for the positions.

Placement

Subsequent to the process as mentioned above, the entity will give an offer of employment to a successful candidate.

Induction or orientation

It is the entity's utmost interest and objective to ensure that new employees within the company, are inducted in order to ensure that they feel at home and can start work confidently, and immediately start to contribute towards the achievement of the organisational objectives.

Human Resources Development

MRTT has put in place training and development programmes, including bursary programmes, in order to improve the knowledge, skills, aptitudes and values of employees so that they can perform the present and future jobs more effectively. The entity has achieved the following:

- **Training programmes**

  Employees were given an opportunity to go on training programme in order to improve their knowledge and skills in their respective working areas.

- **Executive Leadership Programme**

  The executive staff of the entity were also provided with the opportunity of developing their leadership skills through appropriate programmes in order to improve their strategic leadership. The Chief Executive Officer, Chief Financial Officer and the General Manager Corporate Services were also enrolled in this programme.

- **Bursaries**

  Employees within the entity were offered bursaries in order to advance their careers for the purpose of individual and organisational development.

- **Remuneration**

  The entity has made provision in the personnel budget to ensure equitable and fair remuneration to employees for their contribution to the attainment of organisational objectives
  It consists of the following activities:

- **Wage and Salary Administration**

  In terms of the approved policy, the entity has successfully engaged and negotiated with organised labour and reached a consensus on the annual wage and salary increase for 2018/19 financial year.

- **Performance Bonus**
  In terms of the approved Performance Management Policy, the entity was able to conduct performance appraisals for all employees and managed to pay performance bonuses to qualifying employees.

- **Employee Benefits**
  In its personnel budget the entity has made provision to cover social security and fringe benefits like pension/provided funds, medical aid, maternity benefits and educational assistance.

Corporate Governance in Human Resources Management

The entity is engaged and fully committed to corporate governance on areas of human resources. Several committees such as the Local Labour Forum (Workplace Forum), Employment Equity and Human Resources Development Committee, Employee Wellness Committee and the Occupational Health and Safety Committee have been established to improve employee relations and wellness within the entity.

HR priorities for the year under review and the impact of the priorities

- **The recruitment and retention of competent human capital.**
  The entity has managed to recruit and retain competent human capital with a staff turnover rate of zero percent.

- **Monitoring and implementation of the Performance Management System and coordinating of capacity building.**
  The implementation of the Performance Management System is still under review and it is work in progress towards its successful implementation. Capacity building sessions have been conducted and will continue until the system's impact towards the success of the organisation is realised.

- **Development and submission of the Employment Equity report and the Workplace Skills Plan as per legislative mandate.**
  The entity has complied in submission of the Employment Equity Report and the Workplace Skills Plan. The effort confirms the entity's commitment towards transformation and development of both its human resources and the organisation as a whole.

- **To ensure generating of payroll reports.**
  On monthly and on quarterly basis, the entity has been able to generate payroll reports that confirms an effective and efficient payroll administration.

- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.**
  From the period under review, the entity has been working on the development of the new corporate structure through a comprehensive Organisational Development process with an intention to put in place viable competency framework that will serve as an enabler in ensuring successful implementation of the new Corporate Strategy. The Organisational Development process is in progress and will be followed by development of a people strategy that will be aligned to the new corporate strategy.

- **Employee wellness programmes**

  An employee Wellness Committee has been established and currently active. A draft Employee Wellness Program and the Employee Wellness calendar has been developed and currently being improved. The entity has hosted a successful and exciting Employee Wellness day, which also improved employee cohesion within the entity.

- **Policy development**

  The entity has commenced with policy development and review process of its HR policies which are envisaged to be completed in the 2019/20 financial year.

Highlight achievements

- The entity has submitted the Workplace Skills Plan (WSP) to the ETDPSETA and implemented the WSP successfully.
- The Employment Equity Plan was developed and submitted to the Department of Labour.
- The entity has hosted a successful employee wellness day.
- 61 percent employees were trained or offered career development opportunities.

Challenges faced by MRTT

The entity struggled with attracting people living with disabilities and will continue to endeavour to recruit them in order to uphold the principles of the Employment Equity Act and its provisions.

Future HR plans /goals

- To implement the competency framework that it is aligned to the new corporate strategy.
- To ensure that Human Resources functions and responsibilities add measurable value , in order to support the overall strategy.
- To develop, review and implement Human Resources programmes policies, strategies, systems and processes that are linked to the entity's strategic goals.
- To improve peoples' skills in order to enhance work performance and accelerate service delivery.
- To strive towards visible institutional transformation within the entity.

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)
1.Hospitality and Tourism	20 259	14 634	72%	50	293
2.Technical Training Operations	83 234	32 071	39%	174	184
3.Corporate Services	43 890	23 182	53%	40	580
TOTAL	**147 383**	**69 887**	**47%**	**264**	**265**

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	5 410	8%	3	1803
Senior Management	11 364	16%	10	1136
Professional qualified	4 551	7%	7	650
Skilled	36 076	52%	158	228
Semi-skilled	9 748	14%	59	165
Unskilled	2 738	4%	27	101
TOTAL	**69 887**		**264**	**265**

Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	338	5 410	6%
Senior Management	243	11 364	2%
Professional qualified	118	4 551	3%
Skilled	509	36 076	1%
Semi-skilled	213	9 748	2%
Unskilled	60	2 738	2%
TOTAL	**1 481**	**69 887**	**2.88**

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
Hospitality and Tourism	14 634	89	0.6%	12	7.5
Technical Training Operations	32 071	97	0.3%	25	3.9
Corporate Services	23 182	621	2.7%	20	31.1
TOTAL	**69 887**	**807**	**1.2%**	**57**	**14.2**

Employment and vacancies

Programme	2018/2019 No. of Employees	2018/2019 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	2018/19 Vacancies	2018/19 % of Vacancies
Hospitality and Tourism	37	43	38	5	6	13.95
Technical Training Operations	29	33	29	4	4	12.12
Corporate Services	27	29	26	3	2	6.90
TOTAL	**93**	**105**	**93**	**12**	**12**	**11.42**

Programme	2018/2019 No. of Employees	2018/2019 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	2018/19 Vacancies	2018/19 % of Vacancies
Top Management	3	5	3	2	2	40
Senior Management	10	13	8	5	3	23.08
Professional qualified	7	11	7	4	4	36
Skilled	36	36	36	0	0	0
Semi-skilled	22	24	24	0	2	8.33
Unskilled	15	16	15	1	1	6.25
TOTAL	**93**	**105**	**93**	**12**	**12**	**11.43**

There were no attempts to fill positions because of the new corporate strategy. Vacant positions were put on hold until the new corporate structure is approved.
Any changes identified happened in the 2017/18 financial year, overlapping to 2018/19 financial year.

Employment changes

There were no employment changes within the financial year due to the implementation of the new corporate strategy, except the appointment of the Planning and Performance Information Manager, and the appointment of an internal candidate, on a Planning and Performance Information Officer position as well as Facilitator: Culinary studies.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	9	1	0	10
Professional qualified	7	0	0	7
Skilled	34	2	0	34
Semi-skilled	24	0	0	24
Unskilled	15	0	0	15
TOTAL	**92**	**3**	**0**	**93**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	0	0

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0
TOTAL	**0**

Equity Target and Employment Equity Status

Explanations: The entity did not deviate on its plan. The overall plan was to achieve a total percentage of female managers to 30% and employees with disabilities to 1% which was achieved and maintained at 46% female managers and 4% of people with disabilities.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	1	1
Senior Management	2	2	0	0	0	0	0	0
Professional qualified	3	3	0	0	0	0	0	0
Skilled	26	26	0	0	0	0	1	1
Semi-skilled	9	9	0	0	0	0	0	0
Unskilled	3	3	0	0	0	0	0	0
TOTAL	**43**	**43**	**0**	**0**	**0**	**0**	**2**	**2**

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	0	0	0	0	0	0	0
Professional qualified	5	3	0	0	0	0	1	1
Skilled	13	13	0	0	0	0	0	0
Semi-skilled	12	12	0	0	0	0	0	0
Unskilled	16	16	0	0	0	0	0	0
TOTAL	**46**	**44**	**0**	**0**	**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
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	1	1	1	1
Unskilled	1	0	1	0
TOTAL	**2**	**1**	**2**	**1**

PART E

Financial Information

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Provincial Legislature:

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 Accepted 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 2020 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board of Directors are 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 have been examined by the entity's external auditors and their report is presented on page 84-89.

The Annual Financial Statements set out on pages 90-121, which have been prepared on the going concern basis, were approved by the Directors on 28 May 2019 and were signed on its behalf by:

Mr TR Mokgoshi - Chaiperson 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 90 to 121, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Generally Recongnised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

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 this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.

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

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 29 to the financial statements, irregular expenditure to the amount of R4 206 918 was incurred, due to extension of key contracts without going through competitive bidding process

.

Material impairments

8. As disclosed in note 4 to the financial statements, material impairments of R2 096 106 (2017-18:R925 210) were incurred as a result of the allowance for impairment of receivables from exchange transactions.

Responsibilities of the accounting authority for the financial statements

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

10. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

13. 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.

14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the 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.

15. 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 entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 1 – hospitality and tourism academy	23-28
Programme 2 – technical training operations	29-35

16. I performed procedures to determine whether the reported performance information was properly presented and whether 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.

17. I did not raise material findings in respect 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 matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 23-28 and 24-35 for information on the achievement of planned targets for the year and explanations provided for the under- or over achievement of targets.

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 entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material findings on compliance with specific matters in key legislations are as follows:

Consequence management

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

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R4 206 918 as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure was caused by procuring services through extensions of contracts rather than by inviting competitive bids.

Procurement and contract management

24. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by preferential procurement regulation 8(2) of 2017.

Annual financial statements and annual report

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA. Material adjustments of non-current assets (Non-distributable reserve: Acumulated surplus and current assets: Loan account: Royal hotel) identified by the auditors in the submitted financial statements were made resulting in the financial statements receiving unqualified opinion.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

27. 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.

28. 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.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

31. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor-General

Mbombela

31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

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

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

Report of the Accounting Authority

1. Review of activities

The main business and operations of the company is skills development and operates principally in Mpumalanga province South Africa.

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

Surplus 2018: R30 353 475
Deficit 2019: R 6 150 168

2. Post balance sheet events

There are no post balance sheet events.

3. Directors' interest in contracts

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

4. Accounting Authority members

Mr TR Mokgoshi - Chairperson - Appointed 1 December 2018
Ms TE Mawelele - Deputy Chairperson - Appointed 1 December 2018
Mr JH Mathabe - Non Executive Director - Appointed 1 December 2018
Mr B Sibanyoni - Non Executive Director - Appointed 1 December 2018
Mr MI Tibane - Non Executive Director - Appointed 1 December 2018
Mr PP Maoko - Non Executive Director - Re-appointed 1 December 2018
Mr BM Singwane - Non Executive Director - Re-appointed 1 December 2018
Mr GA Deiner - Non Executive Director - Re-appointed 1 December 2018
Ms MOC Mhlabane (Head: Provincial Department of Education) - ex-officio
Mr R Oosthuizen (Chief Executive Officer) - ex-officio

Ms FD Mthembu - Chairperson - Term ended 30 November 2018
Ms ND Mashinini - Deputy Chairperson - Term ended 30 November 2018
Dr MJ Sibiya - Non-Executive Director - Term ended 30 November 2018
Mr NN Kalidass - Non-Executive Director - Term ended 30 November 2018
M SM Dibakwane - Non-Executive Director - Term ended 30 November 2018
Mr RS Tshukudu - Non-Executive Director - Term ended 30 November 2018

5. Secretary

The Secretary of the Company during the year was Ms KM Mohlala.

Registered	
Business Address	Corridor Crescent Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fluer X11 Emalahleni

Report of the Accounting Authority

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 No 25 of 2004.

7. Unauthorised, Irregular, fruitless and wasteful expenditure

The entity incurred Irregular expenditure of R4 206 918 in the current financial year and for the prior financial year the expenditure was R6 764 653.

The entity incurred fruitless and wasteful expenditure of R1 000 in the current financial year and in the prior financial year the amount incurred was R5 530.00.

Further details on the Irregular expenditure are in note 29 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 as amended and that all such returns are true, correct and up to date.

Ms KM Mohlala
Company Secretary
Emalahleni

Statement of Financial Position as at 31 March 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Inventories	3	382 888	295 260
Receivables from exchange transactions	4	7 909 901	6 089 196
Cash and cash equivalents	5	80 194 658	117 319 495
Total Current Assets		**88 487 447**	**123 703 951**
Non-Current Assets			
Property, plant and equipment	6	119 044 992	66 390 684
Intangible assets	7	323 024	1
Investments in controlled entities	26	100	100
Inter company account - Royal Hotel	30	2 814 675	3 089 994
Total Non-Current Assets		**122 182 791**	**69 480 779**
Total Assets		**210 670 238**	**193 184 730**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	22 881 288	45 846 989
Provision for employee benefits	9	5 196 661	5 536 628
		28 077 949	**51 383 617**
Total Liabilities		**28 077 949**	**51 383 617**
Net Assets		**182 592 289**	**141 801 113**
Reserves	31	100 413 482	56 868 597
Accumulated surplus		82 178 807	84 932 516
Total Net Assets		**182 592 289**	**141 801 113**

Statement of Financial Performance for the year ended 31 March 2019

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Revenue from Exchange transactions	10	33 550 084	53 661 434
Other revenue	11	18 430	37 185
Total revenue from exchange transactions		**33 568 514**	**53 698 619**
Revenue from non-exchange transactions			
Transfer revenue			
Revenue from non-exchange transactions	12	107 664 000	102 149 000
Total revenue		**141 232 514**	**155 847 619**
Expenditure			
Personnel	13	(69 887 010)	(60 882 571)
Administrative	14	(8 093 077)	(7 254 061)
Depreciation and amortisation	6 & 7	(4 985 984)	(4 834 653)
Debt impairment	4	(2 096 106)	(925 210)
Other operating Expenses	15	(62 320 507)	(51 597 650)
Total expenditure		**(147 382 684)**	**(125 494 145)**
(Deficit) surplus for the year		**(6 150 168)**	**30 353 474**

Statement of Changes in Net Assets for the year ended 31 March 2019

Figures in Rand	Non Distributable Reserve	Accumulated surplus	Total net assets
Balance at 01 April 2017	**60 119 385**	**51 328 254**	**111 447 639**
Changes in net assets			
Decrease in revaluation reserve	(3 250 788)	3 250 788	-
Net income recognised directly in net assets	(3 250 788)	3 250 788	-
Surplus for the year	-	30 353 474	30 353 474
Total movements for the year	(3 250 788)	33 604 262	30 353 474
Total changes	(3 250 788)	33 604 262	30 353 474
Balance at 01 April 2018	**56 868 597**	**84 932 516**	**141 801 113**
Changes in net assets			
Increase in revaluation reserve	46 941 343	-	46 941 343
Surplus for the year	-	(6 150 167)	(6 150 167)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	43 544 885	(2 753 709)	40 791 176
Balance at 31 March 2019	**100 413 482**	**82 178 807**	**182 592 289**

Cash Flow Statement for the year ended 31 March 2019

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash receipts from stakeholders			
Cash receipts from government entities (Transfer)		107 664 000	102 149 000
Cash receipts from own generated income		29 285 470	28 070 939
Interest received		3 314 308	8 311 944
Other cash items (Artisan Development Programme)		72 336 000	126 666 000
Total		212 599 778	265 197 883
Cash paid to stakeholders			
Personnel and Suppliers		(241 077 108)	(280 060 572)
Net cash flows from operating activities	16	**(28 477 330)**	**(14 862 689)**
Cash flows from investing activities			
Purchase of fixed assets	6	(11 109 846)	(2 224 094)
Proceeds from the disposal of assets (Insurance)		2 462 339	201 650
Net cash flows from investing activities		**(8 647 507)**	**(2 022 444)**
Net (decrease) / increase in cash and cash equivalents		**(37 124 837)**	**(16 885 131)**
Cash and cash equivalents at the beginning of the year		117 319 495	134 204 626
Cash and cash equivalents at the end of the year	5	**80 194 658**	**117 319 495**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue						
Revenue from exchange transactions						
Revenue from Exchange Transactions	57 790 123	-	**57 790 123**	33 568 514	**(24 221 609)**	27.1
Revenue from non-exchange transactions						
Taxation revenue						
Transfers from other Government Entities	107 664 000	-	**107 664 000**	107 664 000	**-**	27.2
Total revenue	**165 454 123**	**-**	**165 454 123**	**141 232 514**	**(24 221 609)**	
Expenditure						
Personnel	(72 077 320)	-	**(72 077 320)**	(69 887 010)	**2 190 310**	27.3
Capital Expenditure	(16 620 000)	-	**(16 620 000)**	(11 109 846)	**5 510 154**	27.4
Goods and services	(115 017 803)	-	**(115 017 803)**	(77 477 825)	**37 539 978**	27.5
Total expenditure	**(203 715 123)**	**-**	**(203 715 123)**	**(158 474 681)**	**45 240 442**	
Deficit before taxation	**-**	**-**	**-**	**(17 242 165)**	**(17 242 165)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(17 242 165)**	**(17 242 165)**	
Reconciliation						
Basis difference						
Depreciation and amortisation				4 985 984		
Accruals				2 398 650		
Provision for employee benefits				1 156 735		
Debt impairment				2 096 106		
Actual Amount in the Statement of Financial Performance excluding the non cash items				**(6 604 690)**		

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 18	Segment reporting - 1 April 2020
GRAP 20	Related party disclosure - 1 April 2019
GRAP 32	Service Concession Arrangement Grantor - 1 April 2019
GRAP 109	Accounting Principals and Agents - Unknown
GRAP 110	Living and Non-Living Resources - 1 April 2020

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 af fected

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.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Accounting Policies

Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

Financial instruments (continued)

Payables from exchange transactions

Trade payables are initially measured at fair 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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.1 Revenue

Revenue recognition

Revenue is recognised to the extent that it is (a) probable that the economic benefit or service potential associated with the transaction will flow to the MRTT and (b) the amount of revenue can be reliably measured. .

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.The reasonable assurance is the receipt of the allocation from the Department of Education which is signed by the relevant official.

Revenue from non-exchange transactions is measured at fair value.

Revenue from non-exchange transactions constitutes transfer payments from the Department of Education of Mpumalanga.

Revenue from exchange transactions

Revenue is recognised to the extent that it is (a) probable that the economic benefit or service potential associated with the transaction will flow to the MRTT and (b) the amount of revenue can be reliably measured..

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.

Interest income is recognised using the effective interest rate method

Rental Income

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

Accounting Policies

Revenue (continued)

Rendering of services

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

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

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

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

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

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 in the year that the itemof property, plant and equipment is sold.

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.

3. Property, plant and equipment

Property, plant and equipment comprise of Land and Buildings, Macinery and Equipment, Office furniture, Motor Vehicles, Office equipment, Computer equipment, and Domestic equipment and are stated at historical costs less accumulated depreciation except for Land and Buildings which is at revalued amounts.

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.

Accounting Policies

Property, plant and equipment (continued)

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.

Accounting Policies

Property, plant and equipment (continued)

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 net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus 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.

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.

Accounting Policies

Intangible assets (continued)

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 non-exchange transactions, 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.

Cost is determined based on fair value for non-exchange transactions.

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.

Accounting Policies

Impairment of non-monetary assets (continued)

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 an outflow of resources embodying economic benefits or service potential will be required to settle 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.

Lessees shall, in addition to meeting the requirements of the Standard of GRAP on Financial Instruments, make the following disclosures for operating leases:

(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
- (i) not later than one year;
- (ii) later than one year and not later than five years; and
- (iii) later than five years;

(b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the reporting date
;
(c) lease and sublease payments recognised in the statement of financial performance in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments; and

Accounting Policies

Leased assets (continued)

(d) a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
- (i) the basis on which contingent rent payable is determined;
- (ii) the existence and terms of renewal or purchase options and escalation clauses; and
- (iii) restrictions imposed by lease arrangements, such as those concerning return of surplus, return of capital contributions, dividends or similar distributions, additional debt, and further leasing.

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.

Accounting Policies

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 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 controlled entities

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 controlled entities.

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

Accounting Policies

Presentation of Budget information in financial statements. (continued)

(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

Figures in Rand	2019	2018

3. Inventories

Consumables	382 888	295 260

Inventory pledged as security

Inventory was not pledged as security. :

4. Receivables from exchange transactions

Allowance for impairment	(3 876 642)	(1 780 536)
Deposits	3 500	3 500
Grosss trade receivables	11 783 043	7 866 232
Total	**7 909 901**	**6 089 196**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 780 536	855 326
Provision for impairment	2 096 106	925 210
Total	**3 876 642**	**1 780 536**

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:

Cash on hand	13 155	10 235
Bank balances	26 344 995	20 746 098
Short-term deposits	53 836 509	96 563 162
Total	**80 194 659**	**117 319 495**

Included in Cash and Cash equivalents above is an amount which has been ring fenced for the Artisan Development Programme	15 908 774	40 801 528

6. Property, plant and equipment

Figures in Rand	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	137 718 863	(28 638 862)	109 080 001	81 675 404	(24 806 807)	56 868 597
Machinery and Equipment	4 865 572	(1 685 654)	3 179 918	4 487 041	(1 474 955)	3 012 086
Office furniture	5 773 970	(3 350 047)	2 423 923	5 483 196	(3 140 852)	2 342 344
Motor vehicles	4 415 997	(2 628 690)	1 787 307	4 123 309	(2 304 296)	1 819 013
Office equipment	1 021 510	(538 242)	483 268	983 366	(487 998)	495 368
Computer equipment	2 440 035	(1 212 541)	1 227 494	2 001 963	(1 027 776)	974 187
Domestic equipment	1 513 510	(650 429)	863 081	1 456 598	(577 509)	879 089
Total	**157 749 457**	**(38 704 465)**	**119 044 992**	**100 210 877**	**(33 820 193)**	**66 390 684**

The land and buildings were revalued as at 31 March 2019 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 2024. Land and buildings are re-valued every 5 years.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and Buildings	56 868 597	9 102 116	-	46 941 343	(3 832 054)	109 080 002
Machinery and Equipment	3 012 086	423 295	(40 241)	-	(215 222)	3 179 918
Office Furniture	2 342 344	398 666	(41 974)	-	(275 113)	2 423 923
Motor vehicles	1 819 013	292 689	-	-	(324 395)	1 787 307
Office equipment	495 368	38 144	-	-	(50 244)	483 268
Computer Equipment	974 187	438 072	-	-	(184 765)	1 227 494
Domestic Equipment	879 089	63 152	(5 660)	-	(73 501)	863 080
Total	**66 390 684**	**10 756 134**	**(87 875)**	**46 941 343**	**(4 955 294)**	**119 044 992**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land and Buildings	60 522 553	153 054	-	(3 807 010)	56 868 597
Machinery and Equipment	2 641 087	600 528	(30 068)	(199 461)	3 012 086
Office furniture	2 587 811	17 223	-	(262 690)	2 342 344
Motor vehicles	1 165 713	931 509	-	(278 209)	1 819 013
Office equipment	532 513	11 793	(113)	(48 825)	495 368
Computer Equipment	858 044	336 180	(58 950)	(161 087)	974 187
Domestic equipment	781 693	173 807	(12 440)	(63 971)	879 089
Total	**69 089 414**	**2 224 094**	**(101 571)**	**(4 821 253)**	**66 390 684**

Pledged as security

Property, plant and equipment was not pledged as security:

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

6. Property, plant and equipment (continued)

Details of properties

Hospitality and Tourism Academy
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	2 500 000	1 000 000
- Building	47 570 000	31 044 278
Total	**50 070 000**	**32 044 278**

Kabokweni Training Centre
The property includes an office block, 2 workshops and ablution block. The site area is 5,328 square metress

- Land	500 000	150 000
- Building	13 540 000	5 023 952
Total	**14 040 000**	**5 173 952**

Emalahleni Training Centre
The property includes an industrial building, workshops, ablutions and internal offices.The site area is 29,282 square metres. The property also includes work in progress of a steel structure on site that will be completed after financial year end. An amount of R153 053 has been recognised as work in progress in the year under review.

- Land	750 000	625 000
- Buildings	31 080 000	14 285 898
Total	**31 830 000**	**14 910 898**

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	3 490 000	3 205 000

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

- Land	350 000	350 000
- Buildings	1 200 000	1 184 469
Total	**1 550 000**	**1 534 469**
Skills Hub - Land	8 100 000	-
Total Land and Buildings	**109 080 000**	**56 868 597**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

7. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 004 387	(681 363)	323 024	650 674	(650 673)	1

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	1	353 713	(30 690)	323 024

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	13 399	(13 398)	1

8. Payables from exchange transactions

	2019	2018
Trade payables	2 610 785	869 813
Artisan development training	15 908 774	40 801 528
Income received in advance	1 945 230	1 743 483
Accruals	2 416 499	2 432 165
Total	**22 881 288**	**45 846 989**

9. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Utilised during the year	Raised in the year	Total
Leave days	3 022 612	(542 950)	1 093 506	3 573 168
Bonus	2 514 016	(953 752)	63 229	1 623 493
Total	**5 536 628**	**(1 496 702)**	**1 156 735**	**5 196 661**

Reconciliation of provisions - 2018

	Opening Balance	Utilised during the year	Reversed during the year	Total
Leave days	3 594 654	(785 697)	213 655	3 022 612
Bonus	2 007 964	(990 111)	1 496 163	2 514 016
Total	**5 602 618**	**(1 775 808)**	**1 709 818**	**5 536 628**

10. Revenue from exchange transactions

	2019	2018
Rendering of services	30 208 776	45 301 490
Interest Received	3 314 308	8 311 944
Rental Income	27 000	48 000
Total	**33 550 084**	**53 661 434**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

11. Other revenue

Bad debt recovered	18 430	37 185

12. Revenue from non - exchange transactions

Government grant	32 369 000	30 711 000
Comprehensive Rural Development Programme	26 981 000	25 599 000
National Youth Service	32 504 000	30 839 000
Skills Hub	15 810 000	15 000 000
Total	**107 664 000**	**102 149 000**

13. Personnel

Basic	47 597 626	41 045 984
Medical aid - company contributions	820 846	836 460
Statutory payments	13 286 450	11 328 352
Provident and pension fund	7 827 638	7 310 882
Allowances	354 450	360 893
Total	**69 887 010**	**60 882 571**

14. Administrative expenditure

Rates and taxes	1 307 604	919 963
Communication	958 385	908 172
Insurance	496 551	479 778
Motor fleet	1 041 627	722 506
Lease costs	247 813	844 142
Security	1 707 745	1 204 556
Rent	1 195 373	1 000 515
Printing and stationery	357 423	442 051
Repairs and maintenance	108 038	125 526
Other admin expense	672 518	606 852
Total	**8 093 077**	**7 254 061**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

15. Other operating expenses

Auditors remuneration	5 254 682	4 313 484
Bank charges	353 039	352 473
Professional fees	1 217 112	2 220 817
Pest control	27 352	10 281
Subsistance and travel	3 891 975	3 575 992
Training material cost	7 478 232	6 957 088
Marketing Cost	461 429	307 776
Staff Appointment and Recruitment Cost	192 162	322 333
Stipends	17 971 323	17 138 186
Learner Toolboxes	3 972 065	1 088 768
Learner protective clothing	1 804 243	1 345 571
Production - Construction expenses	4 514 277	985 255
Training Centres and Hotel Repairs and Maintenance	2 531 385	831 174
Learner stationery and printing	1 183 647	821 476
Directors expenses	1 904 548	2 167 524
Food and Beverage	2 801 074	4 100 667
Work placement	1 267 724	800 674
Accomodation	171 998	63 011
Skills Development Training	908 027	47 007
Hotel Rates, Water and Electricity	873 014	1 163 913
Hotel Security	1 189 968	664 319
Hotel operating expenses	1 533 106	1 596 233
Training centre operating expenses	431 746	605 284
Corporate services operating expenses	386 379	118 344
Total	**62 320 507**	**51 597 650**

16. Reconciliation of net cash flows from operating activities

(Deficit) surplus	(6 150 168)	30 353 474
Adjustments for:		
Depreciation and amortisation	4 985 984	4 834 653
Provisions	(339 967)	(65 990)
Income received in advance recognised in current year	-	(844 566)
Other non-cash items	(260 512)	(180 721)
Changes in working capital:		
Inventories	(87 628)	15 694
Receivables from exchange transactions	(3 916 811)	(305 151)
Debtor Impairment	-	925 210
Inter Company Account - Royal Hotel	275 319	(920 686)
Payables from exchange transactions	(22 983 547)	(48 674 606)
Total	**(28 477 330)**	**(14 862 689)**

17. Auditors' remuneration

External audit fees	4 504 532	3 156 625
Internal audit fees	750 150	1 156 859
Total	**5 254 682**	**4 313 484**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

18. Director and Management emoluments

Directors' remuneration: non - executive members

Fees for services as Board members

Mrs F.D Mthembu - Chairperson (Term ended 30 November 2018)	237 482	360 551
Mrs ND Mashinini (Deputy Chairperson) (Term ended 30 November 2018)	107 018	202 362
Dr MJ Sibiya (Term ended 30 November 2018)	136 823	216 872
Mr PP Maoko - (Reappointed 1 December 2018)	211 602	148 808
Mr BM Singwane - (Reappointed 1 December 2018)	128 947	111 402
Mr NN Kalidass (Term ended 30 November 2018)	155 701	172 470
Mr SM Dibakwane -(Term ended 30 November 2018)	17 757	26 371
Ms GA Deiner - (Reappointed 1 December 2018)	158 089	125 794
Mr RS Tshukudu (Term ended 30 November 2018)	203 269	278 536
Mr TR Mokgoshi - Chaiperson of the Board of Directors (Appointed 1 December 2018)	48 109	-
Advocate TE Mawelele (Appointed 1 December 2018)	45 950	-
Mr JH Mathabe - (Appointed 1 December 2018)	20 940	-
Mr B Sibanyoni (Appointed 1 December 2018)	49 656	-
Mr MI Tibane - (Appointed 1 December 2018)	32 604	-
Total	**1 553 947**	**1 643 166**

Executive Management - 2019

	Basic Salary	Short term employment benefits (Includes bonus, acting allowances)	Post employment benefits	Total
R Oosthuizen - Chief Executive Officer	1 477 078	495 809	192 217	2 165 104
MG Jafta - Chief Financial Officer	1 311 730	148 598	163 430	1 623 758
MS Makgoba - General Manager - Corporate Services	1 263 542	193 815	163 430	1 620 787
SM Sefanyetso - Acting General Manager - H ospitality and Tourism Academy	831 358	332 720	116 463	1 280 541
Ms ZL Khoza - Acting General Manager Technical Training Operations	894 608	270 490	116 463	1 281 561
Total	**5 778 316**	**1 441 432**	**752 003**	**7 971 751**

Executive management

2018

	Basic Salary	Short term employment benefits (Includes bonus, acting allowances)	Post employment benefits	Total
R Oosthuizen - Chief Executive Officer	1 475 633	510 316	192 077	2 178 026
MG Jafta - Chief Financial Officer	1 162 374	181 415	151 093	1 494 882
MS Makgoba - General Manager - Corporate Services	1 140 040	203 838	151 093	1 494 971
P Ramaboya - Acting General Manager - Technical Training Operations	691 108	373 919	107 711	1 172 738
SM Sefanyetso - Acting General Manager - H ospitality and Tourism Academy	753 776	329 102	107 710	1 190 588
Total	**5 222 931**	**1 598 590**	**709 684**	**7 531 205**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

19. Retirement benefits

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.

The total economic entity contribution to such schemes	7 827 638	7 310 882

20. Commitments

Commitments

Commitments	119 732 662	243 510 797

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.

21. 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.

22. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	1 000	5 530

Fruitless and wasteful expenditure disclosed above is due to the penalties charged on the late submissions of CIPC returns (2019).

Fruitless and wasteful expenditure disclosed above is due to the penalties charged on the late payments made to SARS (2018).

23. Related parties

Related party balances

Intercompany accounts		
MRTT Royal Hotel (Pty) Ltd	2 814 675	3 089 994
Receipts from related parties		
Department of Education	7 495 246	7 287 241
Receipts from related parties		
Department of Education	107 664 000	102 149 000
Artisan development programme	72 336 000	126 666 000

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 18.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

24. 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.

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 22, civil proceedings have commenced against the employees concerned to recover an amount of -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

25. 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.

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	10.250%	22 881 288	-	-	-	-
Provision for employee benefits	-	5 196 661	-	-	-	-
Total	**-**	**28 077 949**	**-**	**-**	**-**	**-**

Credit risk

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

Financial instrument	2019	2018
Cash and cash equivalents	80 194 659	117 319 495
Receivables ageing is as follows ; Current	1 524 331	2 376 643
- 30 days	657 332	1 897 447
- 60 days	1 828 063	542 056
- 90 - 120 days	4 225 060	235 696
- +180 days	3 098 527	2 814 476
Total receivables from exchange transactions	11 333 313	7 866 232

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.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

25. Risk management (continued)

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.

26. Investments in controlled entities

Name of company	Held by	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Royal Hotel	MRTT	100,00 %	100,00 %	2 814 675	3 089 994

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 814 675 and in the prior year was R3 089 994

27. 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 2018 to 31 March 2019

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 2019 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

27.1 The unfavourable variance is due to the entity receiving less projects in the financial year than originally anticipated.

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

27.3 The favourable variance is due to vacant positions that were not filled during the year.

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

27.5 The favourable variance is due to the fact that in the current year some projects commenced later than envisaged.

28. Lease obligation

Minimum lease payments due		
- within one year	1 190 731	1 055 541
- in second to fifth year inclusive	324 461	633 244
Present value of minimum lease payments	**1 515 192**	**1 688 785**

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

29. Irregular expenditure

Opening balance	13 251 382	6 486 729
Add: Irregular Expenditure - current year	4 206 918	6 764 653
Total	**17 458 300**	**13 251 382**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

29. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

	2019	2018
Current year	4 206 918	6 764 653
Prior years	13 251 382	6 486 729
Total	**17 458 300**	**13 251 382**

Details of irregular expenditure – current year 2018/19

Incident 1	The irregular expenditure is due to extension of key contracts during the 2016-17 financial year.	3 343 928
Incident 2	The entity procured clothing items which are included under the national treasury's list of designated sectors without following the preferential procurement regulation requirements. In terms of the preferential procurement regulation of 2017, whenever an organ of state procures goods listed on the list of designated sectors, the organ of state must advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered. This requirement was not included on the request to tender, therefore resulting in irregular expenditure	722 552
Incident 3	Extention of contracts not justifiable	140 437
Total		**4 206 917**

30. Inter company account - Royal Hotel

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 814 675 and in the prior year was R3 089 994

31. Non Distributable Reserves

Revaluations are done every five years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Items of land and buildings shall be revalued to their fair values. The fair value is determined directly by reference to observable prices in an active market or recent market transaction at arm’s length terms or was estimated using other valuation techniques. Revaluations will be done by an independent appraiser registered as a Professional Association of Valuers with the South African Council for the Property Valuers Profession. When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.
Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

31. Non Distributable Reserves (continued)

Non Distributable Reserves	56 868 597	56 868 597
Revaluation of Land and Buildings	46 941 343	-
Realisation of the revaluation surplus	(3 396 458)	-
Total	**100 413 482**	**56 868 597**

PART E

Financial Information

Consolidated Annual Financial Statements

Table of contents **Page**

Directors Responsibility and approval

The Directors responsible for monitoring the preparation and the integrity of the financial statements and related information included in this annual report. 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 2019 as set out on pages 134 to 163 on 28 May 2019 which were signed on its behalf by –

TR Mokgoshi
Chairperson

R Oosthuizen
Chief Executive Officer

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

Report on the audit of the consolidated financial statements

Opinion

1. I have audited the consolidated financial statements of the Mpumalanga Regional Training Trust (NPC) and it's subsidiary set out on pages 131 to 164, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts 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 consolidated financial position of the Mpumalanga Regional Training Trust (NPC) as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of the 1999) (PFMA).

Basis for opinion

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 this auditor's report.

4. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.

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

Emphasis of matters

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

Irregular Expenditure

7. As disclosed in note 20.2 to the consolidated financial statements, irregular expenditure to the amount of R4 206 918 was incurred, due to extension of key contracts without going through competitive bidding process.

Material impairments

8. As disclosed in note 4 to the financial statements, material impairment of R2 096 105 (2017-18: R1 780 536) was incurred as a result of allowance for impairment of receivables from exchange transactions.

Responsibilities of accounting authority for the financial statements

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

10. In preparing the consolidated financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

Report on the audit of the annual performance report

Introduction and scope

13. 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.

14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the 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.

15. 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 entity for the year ended 31 March 2019:

Programmes	**Pages in the annual performance report**
Programme 1 – hospitality and tourism academy	23-28
Programme 2 – technical training operations	29-35

16. I performed procedures to determine whether the reported performance information was properly presented and whether 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.

17. I did not raise 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 matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 24;26 and 30 to 34 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of targets.

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 findings on compliance with specific matters in key legislations are as follows:

Consequence management

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

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R4 207 918 as disclosed in note 20.2 to the consolidated annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure was caused by procuring services through extensions of contracts rather than by inviting competitive bids.

Procurement and contract management

24. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

Annual financial statements and annual report

25. The consolidated financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA. Material adjustments of Non-distributable reserve and current assets identified by the auditors in the submitted consolidated financial statements were made resulting in the consolidated financial statements receiving unqualified opinion.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

27. 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.

28. 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.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected.If the other information is not corrected, I may have to I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

- Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor-General

Mbombela

31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial statements, and the procedures performed on reported performance information for selected programmes and on the[public entity's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

General Information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Skills Development

Directors

Mr TR Mokgoshi - Chairperson
(Appointed 1 December 2018)
Adv TE Mawelele - Deputy Chairperson
(Appointed 1 December 2018)
Mr JH Mathabe - Non-Executive Director
(Appointed 1 December 2018)
Mr B Sibanyoni - Non-Executive Director
(Appointed 1 December 2018)
Mr MI Tibane- Non-Executive Director
(Appointed 1 December 2018)
Mr PP Maoko - Non-Executive Director
(Appointed 1 December 2018)
Mr BM Singwane - Non-Executive Director
(Appointed 1 December 2018)
Ms GA Deiner - Non-Executive Director
(Appointed 1 December 2018)
Mr R Oosthuizen - Chief Executive Officer (ex- officio)
Ms FD Mthembu - Chairperson
Term ended 31 November 2018
Ms ND Mashinini - Deputy Chairperson
Term ended 31 November 2018
Dr MJ Sibiya - Non-Executive Director
Term ended 31 November 2018
Mr NN Kalidass - Non-Executive Director
Term ended 31 November 2018
Mr SM Dibakwane - Non-Executive Director
Term ended 31November 2018
Mr RS Tshukudu - Non-Executive Director
Term ended 31 November 2018

Registered office

Corridor Crescent
Route N4 Business Park
Witbank Dam Road
Bureau de Paul Building No 8
Ben Fleur
X11
Emalahleni

Business address

Corridor Crescent
Route N4 Business Park
Witbank Dam Road
Bureau de Paul Building No 8
Ben Fleur
X11
Emalahleni

Postal address

Private Bag X7288
Emalahleni
1035

Telephone number

013 656 0875

Fax Number

013 656 0632

Bankers

Standard Bank of South Africa

External Auditors

Auditor - General South Africa

Report of the Accounting Authority

The accounting authority has pleasure in presenting its report for the year ended 31 March 2019.

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.

Deficit 2019: R6 920 872
Surplus 2018: R31 392 889

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:

Mr. TR Mokgoshi – Chairperson (Appointed 1 December 2018)

Ms. TE Mawelele – Deputy Chairper son (Appointed 1 December 2018)

Mr. JH Mathabe – Non-Executive Director (Appointed 1 December 2018)

Mr. B Sibanyoni – Non-Executive Director (Appointed 1 December 2018)

Mr. MI Tibane – Non-Executive Director (Appointed 1 December 2018)

Mr PP Maoko - Non-Executive Director (Appointed 1 December 2018)

Mr BM Singwane - Non-Executive Director (Appointed 1 December 2018)

Ms GA Deiner - Non-Executive Director (Appointed 1 December 2018)

Mr R Oosthuizen - Chief Executive Officer (ex-officio)

Ms. FD Mthembu – Chairperson – Term ended 31 November 2018

Ms ND Mashinini – Deputy Chairperson – Term ended 31 November 2018

Dr MJ Sibiya - Non-Executive Director – Term ended 31 November 2018

Mr NN Kalidass - Non-Executive Director – Term ended 3 1 November 2018

Mr SM Dibakwane - Non-Executive Director – Term ended 31 November 2018

Mr RS Tshukudu - Non-Executive Director – Term ended 31 November 2018

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 206 918 in the current financial year and for the prior financial year the expenditure was R6 764 653

Statement of Financial Performance for the year ended 31 March 2019

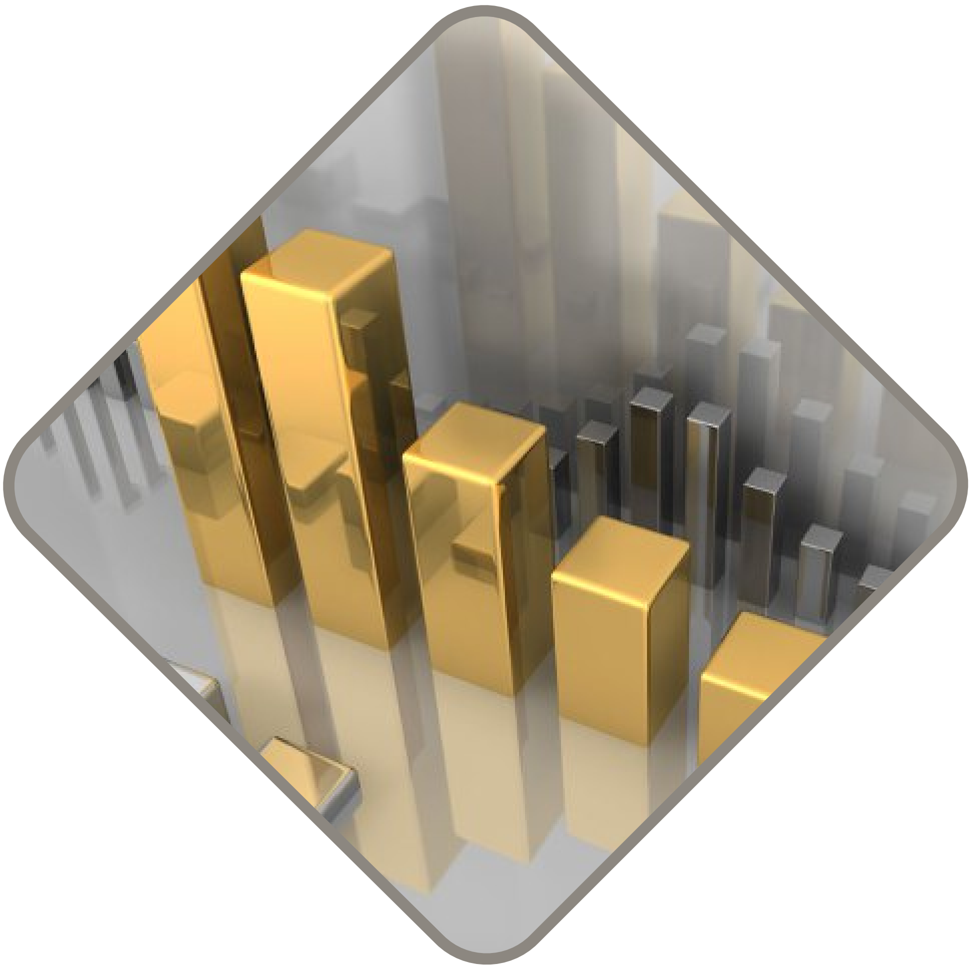
	Note	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Revenue					
Revenue from non-exchange transactions	1	107,664,000	102,149,000	107,664,000	102,149,000
Revenue from exchange transactions	2	44,863,797	66,521,635	33,550,084	53,661,434
Other Income	3	18,430	37,185	18,430	37,185
Total revenue		**152,546,227**	**168,707,820**	**141,232,514**	**155,847,619**
Expenses	4				
Personnel	4.1	76,273,677	66,495,421	69,887,010	60,882,571
Administrative	4.2	8,093,077	7,254,061	8,093,077	7,254,061
Other operating expenses	4.3	67,814,618	57,619,781	62,320,507	51,597,650
Depreciation and amortisation expense	5&6	5,080,733	4,943,293	4,985,984	4,834,653
Debt impairment		2,204,994	1,002,375	2,096,106	925,210
Total expenses		**159,467,099**	**137,314,931**	**147,382,684**	**125,494,145**
Profit / (Loss)for the period		**(6,920,872)**	**31,392,889**	**(6,150,170)**	**30,353,474**

Statement of Financial Position as at 31 March 2019

	Note	GROUP R 2019	GROUP R 2018 - Restated	COMPANY R 2019	COMPANY R 2018
ASSETS					
Non-current assets					
Property, plant and equipment	5	119,149,896	66,512,549	119,044,992	66,390,684
Intangible assets	6	323,024	1	323,024	1
Inter Company account - Royal Hotel	21	0	0	2,814,675	3,089,994
Deferred tax		299,717	0		
Investment in Subsidiary		0	0	100	100
		119,772,637	**66,512,550**	**122,182,791**	**69,480,779**
Current assets					
Cash and cash equivalents	7	81,141,788	119,597,251	80,194,658	117,319,495
Receivables from exchange transactions	8	10,784,493	8,891,190	7,909,901	6,089,196
Receivables from non-exchange transactions	9	0	0	0	0
Inventories	10	676,849	557,218	382,888	295,260
Prepayments		2,991	0	0	0
		92,606,121	**129,045,659**	**88,487,447**	**123,703,951**
Total Assets		**212,378,758**	**195,558,209**	**210,670,238**	**193,184,730**
LIABILITIES					
Non-Current liabilities					
Operating lease liability		40,350	51,317		
Current liabilities					
Payables from exchange transactions	11	24,874,808	47,723,799	22,881,288	45,846,989
Employee benefits	12	5,196,661	5,536,628	5,196,661	5,536,628
Total Liabilities		**30,111,819**	**53,311,744**	**28,077,949**	**51,383,617**
NET ASSETS					
Accumulated surplus		81,853,457	85,377,868	82,178,807	84,932,516
Reserves	27	100,413,482	56,868,597	100,413,482	56,868,597
		182,266,939	**142,246,465**	**182,592,289**	**141,801,113**
Total liabilities and reserves		**212,378,758**	**195,558,209**	**210,670,238**	**193,184,730**

Statement of Changes in Net Assets for the year ended 31 March 2019

	Note	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 1 April 2017	27	60,119,385	51,016,548	111,135,933
Surplus for the year			31,392,889	31,392,889
Decrease in revaluation reserve		(3,250,788)	3,250,788	-
Balance as at 1 April 2018		**56,868,597**	**85,660,225**	**142,528,822**
Loss for the year		-	(6,920,872)	(6,920,872)
Prior period error			(282,354)	(282,354)
Realisation of revaluation reserve		(3,393,458)	3,393,458	-
Revaluation of land and buildings		46,941,343		46,941,343
Balance as at 31 March 2019		**100,416,482**	**81,850,457**	**182,266,939**



Cash Flow Statement for the year ended 31 March 2019

	Note	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from stakeholders					
Cash receipts from government entities (Transfers)		107,664,000	102,149,000	107,664,000	102,149,000
Cash receipts from own generated income		29,285,470	28,070,939	29,285,470	28,070,939
Interest received		3,314,308	8,311,944	3,314,308	8,311,944
Other cash items		72,336,000	128,948,085	72,336,000	126,666,000
Cash paid to stakeholders					
Personnel and Suppliers		(242,329,765)	(280,060,572)	(241,077,108)	(280,060,572)
Net cash flows from operating activities	13	**(29,729,987)**	**(12,569,071)**	**(28,477,330)**	**(14,862,689)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(11,187,815)	(497,934)	(11,109,846)	(461,840)
Proceeds from disposal of fixed assest		2,462,339	338,960	2,462,339	338,960
Net cash flows from investing activities		**(8,725,476)**	**(158,974)**	**(8,647,507)**	**(122,880)**
Net increase / (decrease) in cash and cash equivalents		**(38,455,463)**	**59,106,104**	**(37,124,837)**	**59,139,520**
Cash and cash equivalents at beginning of the year	7	119,597,251	75,110,055	117,319,495	75,065,106
Cash and cash equivalents at end of period	7	**81,141,788**	**134,216,159**	**80,194,658**	**134,204,626**

Statement of Comparison of Budget and Actual Amounts for MRTT for the year ended 31 March 2019

Budget on Cash Basis

	Approved Budget	Actual Amounts	Difference: Budget and Actual	Note on variance
	R	R	R	
RECEIPTS				
Transfers from other government entities	107,664,000	107,664,000	-	**25.1**
Revenue from exchange tranactions	57,790,123	33,568,514	(24,221,609)	**25.2**
Total receipts	**165,454,123**	**141,232,514**	**(24,221,609)**	
PAYMENTS				
Personnel	72,077,320	69,887,010	2,190,310	**25.3**
Goods and services	115,017,803	77,477,823	37,539,980	**25.4**
Capital Expenditure	16,620,000	11,109,846	5,510,154	**25.5**
Total payments	**203,715,123**	**158,474,679**	**45,240,444**	
NET RECEIPTS	**(38,261,000)**	**(17,242,165)**	**(69,462,053)**	
Reconcilation				
Basis difference				
Depreciation and amortisation		4,985,984		
Accruals		2,398,650		
Provision for employee benefits		1,156,735		
Debt impairment		2,096,106		
Actual Amount in the Statement of Financial Performance excluding the non cash items		**(6,604,690)**		

Accounting policies for the year ended 31 March 2019

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.

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 considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are considered. 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 considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are considered. 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 18 Segment reporting
GRAP 20 Related party disclosure
GRAP 32 Service Concession Arrangement Grantor
GRAP 109 Accounting Principles 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 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. Enough 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 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 are 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 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 are 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 number 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, considering 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:
- (a) (I) Providers of finance in the course of their business in that
- regard; and
- (ii) Trade unions;
- in the course of their normal dealings with an entity by virtue only
- of those dealings (although they may circumscribe the freedom of
- action of an entity or participate in its decision-making process); and

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 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 2019

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019	COMPANY 2018
1. Revenue from non exchange transactions				
Transfers from provincial government	107,664,000	102,149,000	107,664,000	102,149,000
2. Revenue from exchange transactions				
Rendering of service	44,863,797	66,521,635	33,550,084	53,661,434
	44,863,797	**66,521,635**	**33,550,084**	**53,661,434**
3. Other revenue				
Bad debts recovered	18,430	37,185	18,430	37,185
				37,185
Total Revenue	**152,546,227**	**168,707,820**	**141,232,514**	**155,847,619**

4. Operating and administrative expenditure

Operating and administrative expenditure includes:

4.1 Personnel

Basic	53,984,293	46,658,834	47,597,626	41,045,984
Medical aid	820,846	836,460	820,846	836,460
Statutory payments	13,286,450	11,328,352	13,286,450	11,328,352
Provident and Pension fund	7,827,638	7,310,882	7,827,638	7,310,882
Allowances	354,450	360,893	354,450	360,893
Total	**76,273,677**	**66,495,421**	**69,887,010**	**60,882,571**

4.2 Administrative

Rates and Taxes	1,307,604	919,963	1,307,604	919,963
Communication	958,385	908,172	958,385	908,172
Insurance	496,551	479,778	496,551	479,778
Motor fleet	1,041,627	722,506	1,041,627	722,506
Lease costs	247,813	844,142	247,813	844,142
Security	1,707,745	1,204,556	1,707,745	1,204,556
Rent	1,195,373	1,000,515	1,195,373	1,000,515
Printing and stationary	357,423	442,051	357,423	442,051
Repairs and maintaince	108,038	125,526	108,038	125,526
Other Admin Expenses	672,518	606,852	672,518	606,852
Total	**8,093,077**	**7,254,061**	**8,093,077**	**7,254,061**

4.3 Other operating expenses

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Professional fees	1,217,112	2,220,817	1,217,112	2,220,817
Audit fees	5,360,066	4,411,661	5,254,682	4,313,484
Bank charges	397,741	407,912	353,039	352,473
Training material cost	7,478,232	6,957,088	7,478,232	6,957,088
Staff appointment and Recruitment cost	192,162	322,333	192,162	322,333
Marketing costs	461,429	307,776	461,429	307,776
Subsistence and travel	3,891,975	3,575,992	3,891,975	3,575,992
Other operating costs	48,815,901	39,416,202	43,471,876	33,547,687
Total	**67,814,618**	**57,619,781**	**62,320,507**	**51,597,650**

5. Property, plant and equipment

31 March 2019

	Cost R	2019 Accumulated depreciation R	Carrying Value R
Owned Assets			
Land and buildings	137,718,863	(28,638,862)	109,080,001
Machinery and equipment	4,865,572	(1,685,654)	3,179,918
Motor vehicles	4,415,997	(2,628,690)	1,787,307
Office equipment	1,021,510	(538,242)	483,268
Office furniture	5,773,970	(3,350,047)	2,423,923
Domestic equipment	1,965,226	(1,050,711)	914,515
Computer equipment	2,598,765	(1,317,801)	1,280,964
Total	**158,359,903**	**(39,210,007)**	**119,149,896**

The land and buildings were revalued as at 27 March 2019 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 arm's length basis. The next revaluation will be performed by the entity for during the year that will end 31 March 2024. 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.

5. Property, plant and equipment(continued)

5.1 Movement March 2018 Financial year

	31 March 2018 Carrying Value R	Additions R	Disposals R	Revaluation R	Depreciation R	31 March 2019 Carrying Value R
Owned Assets						
Land and buildings	56,868,597	9,102,116	-	46,941,343	(3,832,054)	109,080,002
Machinery and equipment	3,012,086	423,295	(40,241)		(215,222)	3,179,918
Motor vehicles	1,819,013	292,688	-		(324,395)	1,787,306
Office equipment	495,368	38,144	-		(50,243)	483,269
Office furniture	2,342,344	398,666	(41,974)		(275,113)	2,423,923
Domestic equipment	973,563	91,624	(6,037)		(144,635)	914,515
Computer equipment	1,001,578	487,569	(500)	-	(207,684)	1,280,963
Total	**66,512,549**	**10,834,102**	**(88,752)**	**46,941,343**	**(5,049,346)**	**119,149,896**

Details of properties:

REF Farm Nyamassan 137 JU. 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.	50 070 000
Erf 1603, Kabokweni (Registered as Erf 1458). The property includes a office block, 2 workshops and ablution block. The site area is 5,328 square metres.	14 040 000
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	31 830 000
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill.	3 490 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 550 000
21 Dixon Agriculture	8 100 002
Total	**109 080 000**

5.1 Movement March 2018 Financial year (continued)

	31 March 2017 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2018 Carrying Value R
Owned Assets					
Land and buildings	60,522,553	153,053	-	(3,807,010)	56,868,596
Machinery and equipment	2,641,087	600,527	(30,068)	(199,461)	3,012,085
Motor vehicles	1,165,711	931,509	-	(278,209)	1,819,011
Office equipment	532,513	11,793	(113)	(48,825)	495,368
Office furniture	2,587,811	17,224	-	(262,690)	2,342,345
Domestic equipment	940,624	191,974	(12,441)	(146,672)	973,485
Computer equipment	881,768	365,867	(58,950)	(187,026)	1,001,659
Total	**69,272,067**	**2,271,947**	**(101,572)**	**(4,929,893)**	**66,512,549**

Details of properties:

REF Farm Nyamassan 137 JU. 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.	34 294 108
Erf 1603, Kabokweni (Registered as Erf 1458). The property includes a office block, 2 workshops and ablution block. The site area is 5,328 square metres.	5 567 285
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	15 828 285
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill.	3 205 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 627 559
Total	**56 868 596**

6. Intangible assets

	31-Mar-19			31-Mar-18		
	Cost	*Accumulated Amortisation*	*Net Book Value*	*Cost*	*Accumulated Amortisation*	*Net Book Value*
Computer Software	1,004,387	(681,363)	323,024	650,674	(650,673)	1

	Reconciliation of intangible assets - 2019			Reconciliation of intangible assets - 2018		
	Carrying value	Amortisation for the year	Net Book Value	Carrying value	Amortisation for the year	Net Book Value
Computer Software	1,004,387	(681,363)	323,024	13,399	(13,398)	1

7. Cash and Cash equivalents

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

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Cash on hand and balances in banks	27,305,279	23,034,089	26,358,150	20,756,333
Short term investments	53,836,509	96,563,162	53,836,509	96,563,162
Total	**81,141,788**	**119,597,251**	**80,194,659**	**117,319,495**

8. Receivables from exchange transactions

	GROUP 2019 R	GROUP 2018 - Restated R	COMPANY 2019 R	COMPANY 2018 R
Gross trade receivables	16,193,090	12,094,793	11,783,043	7,866,232
Bad debts written off	-	-	-	-
Allowance for impairment	(5,412,097)	(3,207,103)	(3,876,642)	(1,780,536)
Total	**10,780,993**	**8,887,690**	**7,906,401**	**6,085,696**
Prepayments	-	-	-	-
Deposits	3,500	3,500	3,500	3,500
Total	**10,784,493**	**8,891,190**	**7,909,901**	**5,784,045**

9. Receivables from non exchange transactions

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Transfers from provincial government	-	1,139,800	-	1,139,800
Bad debts written off	-	(1,139,800)	-	(1,139,800)
Allowance for impairment	-	-	-	
	-	**-**	**-**	**-**

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

10. Inventories

	GROUP 2019 R	GROUP 2018 - Restated R	COMPANY 2019 R	COMPANY 2018 R
Consumables	**676,849**	**557,218**	**382,888**	**295,260**

11. Payables from exchange transactions

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Trade payables	4,604,305	2,746,623	2,610,785	869,813
Artisan development training	15,908,774	40,801,528	15,908,774	40,801,528
Accruals	2,416,499	2,432,165	2,416,499	2,432,165
Income received in advance	1,945,230	1,743,483	1,945,230	1,743,483
Total	**24,874,808**	**47,723,799**	**22,881,288**	**45,846,989**

12. Employee benefits

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Balance at the beginning of the year	5,536,628	5,602,618	5,536,628	5,602,618
Provision utilised	(1,496,702)	(1,775,808)	(1,496,702)	(1,775,808)
Provision raised in current year	1,156,735	1,709,818	1,156,735	1,709,818
Balance at the end of the year	**5,196,661**	**5,536,628**	**5,196,661**	**5,536,628**

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

	2019 R	2018 R
Surplus / for the year	(6,920,872)	31,392,889
Adjustments for the year		
	-	-
Depreciation of property, plant and equipment	5,080,036	4,985,984
Bad debts written off	-	-
Impairment	-	-
Movement in provisions of employee benefits	(339,967)	1,496,701
Income received in advance recognised in current year		-
Non-cash item	(2,374,467)	-
Changes in working capital	-	-
Decrease in inventories	(55,625)	(87,628)
Decrease / (Increase) in trade and other receivables	(3,940,752)	(5,244,117)
Impairment	2,096,106	-
Intercompany account	275,319	275,319
Prepaid expenses	(2,991)	-
Increase in trade and other payables	(22,949,034)	(17,700,859)
Cash generated by operations	**(29,132,247)**	**15,118,289**

14. Auditors' remuneration

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
External audit fees	4,609,916	3,254,802	4,504,532	3,156,625
Internal audit fees	750,150	1,156,859	750,150	1,156,859
Total	**5,360,066**	**4,411,661**	**5,254,682**	**4,313,484**

15. Directors and Managements emoluments

Directors' remuneration: non executive members

Fees for services as Board members	2019 R	2018 R
Mrs FD Mthembu	237,482	360,551
Mr MJ Sibiya	136,823	216,872
Mr PP Maoko	211,602	148,808
Mr BM Singwane	128,947	111,402
Mr NN Kalidass	155,701	172,470
Mrs ND Mashinini	107,018	202,362
Mr SM Dibakwane	17,757	26,371
Ms GA Deiner	158,089	125,794
Mr RS Tshukudu	203,269	278,536
Mr TR Mokgoshi Chairperson	48,109	
Ms TE Mawelele	45,950	
Mr JH Mathabe	20,940	
Mr B Sibanyoni	49,656	
Mr MI Thibane	32,604	
Total	**1,553,947**	**1,643,166**

Executive Management

Name	Basic Salary (R)	Short term employment benefits (R)	Post employment benefits (R)	Total (R)
R Oostihuizen - Chief Executive Officer	1,477,078	495,809	192,217	2,165,104
MG Jafta - CFO	1,311,730	148,598	163,430	1,623,758
MS Makgoba - GM Corporate	1,263,542	193,815	163,430	1,620,787
ZL Khoza - Acting GM Technical Training Centres	894,608	270,490	116,463	1,281,561
SM Sefanyetso - Acting GM HTA	831,358	332,720	116,463	1,280,541
Total	**5,778,316**	**1,441,432**	**752,003**	**7,971,751**

16. Retirement benefits

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.

	2019 (R)	2018 (R)
Total company contribution	**7,827,638**	**7,310,882**

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 2019:

	0 to 1 year	2 to 5 years
	R	**R**
Future lease payments	1,213,304	418,664

Future minimum lease payments as at 31 March 2018

Future lease payments	1,055,541	633,244

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 2019:

	2019	2018
	R	**R**
Commitments	**119,732,662**	**243,510,797**

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

<u>**2018/19 Financial year**</u>

Penalty of R1 000 as a result of late submission of returns to CIPC resulted in fruitless and wasteful expenditure.

<u>**2017/18 Financial year**</u>

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

20.2 Irregular expenditure

The irregular expenditure that is disclosed was incurred due to extension of key contracts to the amount of R4 206 918 (2016/17 - R6 764 653).

21. Related parties disclosures

During the year the company entered into the following transaction with the following related parties

2019 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	72,336,000	7,495,246	107,664,000	
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	Subsidiary				2,814,675

Amounts included in Trade receivables (Trade Payable) regarding related parties

	2019	2018
Department of Public Works Roads and Transport	-128,953	-95,412

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.

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	10.25%	24 874 808	-	-	-	-
Provision for		5 196 661				

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.

		2019	2018
Cash and cash equivalents		81 141 788	134 204 626
Receivables ageing is as follows	- Gurrent		3,617,354
	- 30 days		954,651
	- 60 days		427,877
	- 90 days		6,268
	- 120 days		777,895
TOTAL OF RECEIVABLES FROM EXCHANGE TRANSACTIONS		**10 784 493**	**5,784,045**

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 consolidated Annual Financial Statements include the financial information for the 12 months ended 31 March 2019 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 2018 to 31 March 2019.

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 2019 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.

27. Reserves

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

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

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

100 413 482	60 119 385

28. Prior period error

The prior period error relates to the following errors that were in the current year 2018/19 and have been adjusted.

1. The prior period error related to the expenses that were recognised as inventory in the prior period and an adjustment has been made and comparatives restated.
2. The prior period error relates to creditors balances that were incorrect as a result of some payments not being allocated to the respective creditors and an adjustment has been made and comparatives restated.
3. The prior period error relates to lease smoothening and the lease payable of the DPWRT lease contract that was not being recognised and an adjustment has been made and comparatives restated.

The corrections of the errors results in adjustments as follows:

Statement of Financial Position	
CURRENT ASSETS	
Inventory (1)	-162 248
CURRENT LIABILITIES	
Trade Payables (2)	-53 240
Lease Liability (3)	-51 317
Lease Payable (3)	-15 549
EQUITY	
Opening retained earnings	-282 354
Statement of changes in Retained Earnings	
Retained Earnings	-282 354

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