MPUMALANGA REGIONAL
TRAINING
TRUST

MRTT

ANNUAL REPORT

2013/2014

CONTENTS

PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
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POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER/S	(013) 656 0875 / 0857 / 0931
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WEBSITE ADDRESS	www.rttrust.co.za
INTERNAL AUDITORS	SizweNtsalubaGobodo - SNG
EXTERNAL AUDITORS	Auditor-General South Africa 12 Nel Street, Mbombela, 1200
BANKERS	Standard Bank Saveway Crecent, Emalahleni, 1035
COMPANY/BOARD SECRETARY	Ms Thulile Mthethwa

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B&CC	Building and Civil Construction
BBBEE	Broad-Based Black Economic Empowerment
CATHSSETA	Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CCoE	Construction Centre of Excellence
CFO	Chief Financial Officer
CI	Corporate Identity
CRDP	Comprehensive Rural Development Programme
CRO	Community Resource Organisation
CETA	Construction Education and Training Authority
DBSA	Development Bank of Southern Africa
DoE	Department of Education
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EWSETA	Energy and Water Sector Education and Training Authority
EXCO	Executive Council
FAR	Fixed Asset Register
FCMM	Financial Capability Maturity Model
FET	Further Education and Training
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
MEGA	Mpumalanga Economic Growth Agency
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
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

New Photo to be Inserted

FOREWORD BY THE

CHAIRPERSON

Mrs FD Mthembu
Chairperson of MRTT Board

Introduction

It is with great pleasure and pride that we present the Annual Report of the Mpumalanga Regional Training Trust (MRTT) for the year 2013/14. MRTT is a public entity, reporting through the Board of Directors, to the MEC of Education for Mpumalanga. The activities of the Board are directed by the entity's legislative mandate, which is to develop the human resources base of Mpumalanga, via 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.

Overview

The Strategic Plan of the entity reflects a mandatory task of addressing the shortage of artisans, not only in the province, but in the country as a whole. As such, MRTT is strategically responsible for Outcome 5: "A skilled and capable workforce to support an inclusive growth path". As a commitment on delivery of the outcomes, the entity aligned its targets to this outcome and to Output No. 3, which is to increase access to occupationally-directed programmes in needy areas and thereby expand the availability of intermediate-level skills (with a special focus on artisan skills).

In reflecting upon our unwavering commitment for the attainment of Outcome 5, MRTT increased its intake of out-of-school youths into the skills programmes, particularly in the hospitality and tourism, and the technical and entrepreneurial fields, via Institutional Training and Mobile Training.

The period under review again witnessed an exceptional performance all round. The entity's target was to train 140 learners in skills aimed at Hospitality and Tourism, but trained a total of 191 by the end of the period under review, which is an overachievement of 51 learners against the set target of learners to be trained within the Hospitality and Tourism field.

Furthermore, via institutional technical training the entity targeted 1 100 learners in accredited construction, manufacturing and engineering skills programmes. The entity managed to train 1 202 learners, of which two were learners with a disability.

Strategic Relations

Our Strategic Plan is also aligned to an outcome of robust engagement with relevant stakeholders who saw the need to address the shortage in artisan skills, as well as scarce skills in the province. The mandate bestowed on MRTT includes the advancement of youth skills development and support to initiatives across all sectors of society and spheres of government. In delivering on this mandate, MRTT is forced to forge long-lasting relationships with key stakeholders with similar agendas within youth development in our country. One




of the key stakeholders in the area of youth development, which MRTT established good relations with, is the National Youth Development Agency (NYDA). The strategic relationship between MRTT and NYDA proved to be highly fruitful in delivering higher positive results in such a way that both institutions saw the need to formalise relations with a Memorandum of Agreement (MoA).

The partnership entails the provision of technical training to beneficiaries by MRTT, while the NYDA will be responsible for integrating the Youth Build components into the MRTT's currently running Comprehensive Rural Development Programme (CRDP). Beneficiaries of the joint project will receive a Statement of Achievement from MRTT in the following skills programmes: Bricklaying; Carpentry; Painting; Plumbing; Plastering and Tiling. The objective of the skills programmes is to develop learners to become professionals, employed in the building and construction sector or as self-employed micro-enterprise owners who provide services to the industry and members of the public. NYDA will also add value to the training programme by offering counselling and life skills support to beneficiaries.

Challenges faced by the board

Some of the main challenges that the Board of Directors were faced with were the resignation of one of its members in October 2013. This affected the functionality of the board given that another member passed away a while back. However in mitigating this, the Department of Education is in the process of appointing a new board. Another challenge experienced by the entity was the total placement of learners for experiential learning. The development of a placement strategy is currently underway to ensure maximum placement of learners trained by the entity.

The year ahead

Going forward, the Board will continue to prioritise skills training and development, so as to entrench the image of MRTT as a Centre of Excellence in this field. We already established strong footprints pertaining to skills training in several rural communities in the province. As the Chairperson of the Board, it gives me great pleasure to announce, without hesitation, that MRTT will remain the first port of call in government when it comes to skills training and development.

The entity will strengthen its effort in establishing and formalising partnerships mainly with industries for the placementof learners to get experiential training and work placement.

Acknowledgements/Appreciation

We will always appreciate and acknowledge the great support from our main funder and mother department, the Department of Education, for its continued support and, more in particular, the MEC, Ms MR Mhaule. Without her support, MRTT would not have been in a position to deliver on our mandate of skills development in the province, while enhancing government's goals of alleviating unemployment and poverty in the province, as well as in the country as a whole. My gratitude also goes to the members of the Board, as well as MRTT management and staff for their sterling efforts in ensuring the delivery of quality training in the province.

Conclusion

It remains prudent that we continue to work side by side in a conscious endeavour to make MRTT more effective and efficient in delivering on our mandate. As Chairperson, I am overwhelmed by the great support MRTT is receiving from government, the private sector and other key role-players in the field of skills training and development.

Mrs FD Mthembu
Chairperson: MRTT

New Photo to be Inserted

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr ND Moropane
Chief Executive Officer

The Mpumalanga Regional Training Trust (MRTT) revenue from exchange transactions grew by 32.5% in the 2014/15 financial year to reach R24.8 million despite the ongoing negative economic growth. The entity had expected a decline in the revenue from exchange transactions.

In terms of revenue from exchange transactions, MRTT has overachieved by 354% from the budget.

Nonetheless, MRTT has exceeded its budget with regards to the expenditure resulting in the deficit.

The MRTT's financial position has gained some notable strength, that is, the assets grew from R36.1 million to R37.4 million year-on-year. The cash and cash equivalent decline by 10% from the previous financial year.

Spending trends of the public entity

	2011/12 R'000	2012/13 R'000	2013/14 R'000
Expenditure	69 866	87 934	123 260

Capacity constraints and challenges facing the public entity

The MRTT completed its review of the organisational structure; the performance management system; as well as the Job Grading and Human Resources policies. Critical positions are being advertised. However, limited funding remains a major challenge, hence most positions had to be removed from the structure.

Discontinued activities

There were no discontinued and/or planned discontinued activities during the 2013/14 financial year.

New or proposed activities

Renovations were completed at the Kabokweni Training Centre and subsequently, CETA accreditation has been obtained.

Requests for rollover 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 training was focused mainly on Legislative frameworks, delegation of authority, functions of various bid committees, evaluation and adjudication process.

All concluded unsolicited bid proposals for the period under review

There were no unsolicited bid proposals concluded during the 2013/14 financial year to report on.

Whether SCM processes and systems in place

SCM processes are in place in terms of procurement of goods and services; and a process is in place to optimise the human resources and IT functions within the Supply Chain Management function. The entity will further implement a system to ensure that the process of supply chain management in terms of requisitions until delivery of goods and services is automated. The system will improve the turnaround time, improve efficiency, and enable managers to view their budgets at all times to curb over expenditure, enable easier audit trail and enable interfacing between Financial, Payroll and Procurement and Inventory systems.

Challenges experienced and how resolved

Challenges that were experienced are being addressed; using the Auditor-General's Action Plan on Reported Audit Findings, and progress is monitored and evaluated continuously throughout the year. The entity also introduced a system of monthly reporting whereby reports are developed and presented to the senior management committee where challenges are discussed and mitigations put in place.

Other challenges in the Supply Chain Management were mainly based on deficiencies on the Supply Chain Management Policy and the following additions were made to the policy in order to enhance it:

- Bid Committee functions
- Information required from the preferred suppliers

Audit report matters in the previous financial year and addressing these

An Action Plan on Reported Audit Findings, the Provincial Treasury AG and the Financial Capability Maturity Model (FCMM) were developed and progress on the findings is discussed at Senior Management Committee level. The Audit Committee and the Board of Directors meetings took place.

Outlook / Plans for the future to address financial challenges

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

- A multi-faceted fundraising plan that will be implemented and carefully monitored.
- Further diligent attention will be paid to the development of increased internal sources of funding, e.g. the Jobs Fund at the Development Bank of Southern Africa (DBSA); the Industrial Development Corporation (IDC); the National Youth Development Agency's National Youth Fund, etc.

Events after the reporting date

There are no post-reporting events to report on.

Economic viability

The entity's financial and/or economic viability is under threat, due to budgetary constraints, accompanied by uncertainty with regard to enabling legislation in terms of the establishment of MRTT. The socio-economic challenges faced by most of the learners the entity is serving makes it difficult for us to collect learner fees from them. This also has a negative bearing on the entity's ability to raise revenue that would augment the grant funding from the parent department.

Acknowledgements or Appreciation

I would like to express my sincere gratitude to the MEC for Education, Ms MR Mhaule, for providing support to the MRTT and looking forward to this continued support in future. Furthermore, I would like to express appreciation to the various SETAs that the MRTT works with - i.e. CETA; MerSETA; CATHSSETA, etc. I furthermore wish to take this opportunity to thank the Board of Directors for their continued support and guidance in ensuring that the MRTT meet its set objectives and fulfils its mandate. Lastly I would like to thank all the members of the MRTT staff for their commitment and effort put into the functioning of the entity.

ND Moropane
Chief Executive Officer: MRTT

5. 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 are 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 was prepared in accordance with the Guidelines on the Annual Report as issued by the 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 2014.

Yours faithfully,

ND Moropane
Chief Executive Officer
30 May 2014

FD Mthembu
Chairperson of the Board




6. 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.

6.1. Vision

To be recognised as an accredited sustainable skills development agency throughout Southern Africa.

6.2. Mission

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

6.3. Values

- Accountability;
- Transparency;
- Committed;
- Innovation;
- Integrity;
- Professionalism and
- Respect.

7. LEGISLATIVE AND OTHER MANDATES

The legislative mandate refers to the legislation that governs the existence of the Mpumalanga Regional Training Trust (MRTT) and its operations as such. The following legislation bears evidence to this effect:

MANDATES	PURPOSE
Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	This legislation requires education to be transformed and democratised in accordance with the values of human dignity, human rights and freedom, as well as non-racism. It guarantees basic education for all, with the provision that everyone has the right to basic education, including adult basic education and the provision of further education and training (FET).
Skills Development Act, 1998 (Act No. 97 of 1998)	This Act is aimed at increasing the skills levels of human resources in the workplace and supporting career-pathing.
South African Qualifications Authority Act, 1996 (Act No. 58 of 1995)	It provides for the development and implementation of the National Qualifications Framework (NQF) and for this purpose to establish the South African Qualifications Authority (SAQA,) and to provide for matters connected therewith.
Labour Relations Act, 1995 (Act No. 66 of 1995)	It regulates the organisational rights of trade unions and promotes and facilitates collective bargaining in the workplace and at sectoral level. This Act is aimed at promoting and maintaining sound labour practices.
Public Finance Management Act, 1999 (Act No. 1 of 1999)	Its aim is to regulate financial management and to ensure that all revenue, expenditure, assets and liabilities of that government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in that government; and to provide for matters connected therewith.
Companies Act, 2008 (Act No. 71 of 2008)	Its aim is to provide for the incorporation, registration, organisation and management of companies; and to provide for equitable and efficient mergers and takeovers of companies.
Employment Equity Act, 1998 (Act No. 55 of 1998)	Its aim is to promote the constitutional right of equality and the exercise of true democracy; to eliminate unfair discrimination in employment; and to ensure the implementation of employment equity to redress the effects of discrimination.




MANDATES	PURPOSE
Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	Its aim is to give effect to the right to fair labour practices referred to in section 23(1) of the Constitution, by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; as well as to provide for matters connected therewith.
Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Its aim is to provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; as well as the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.

Other: Legislative Framework

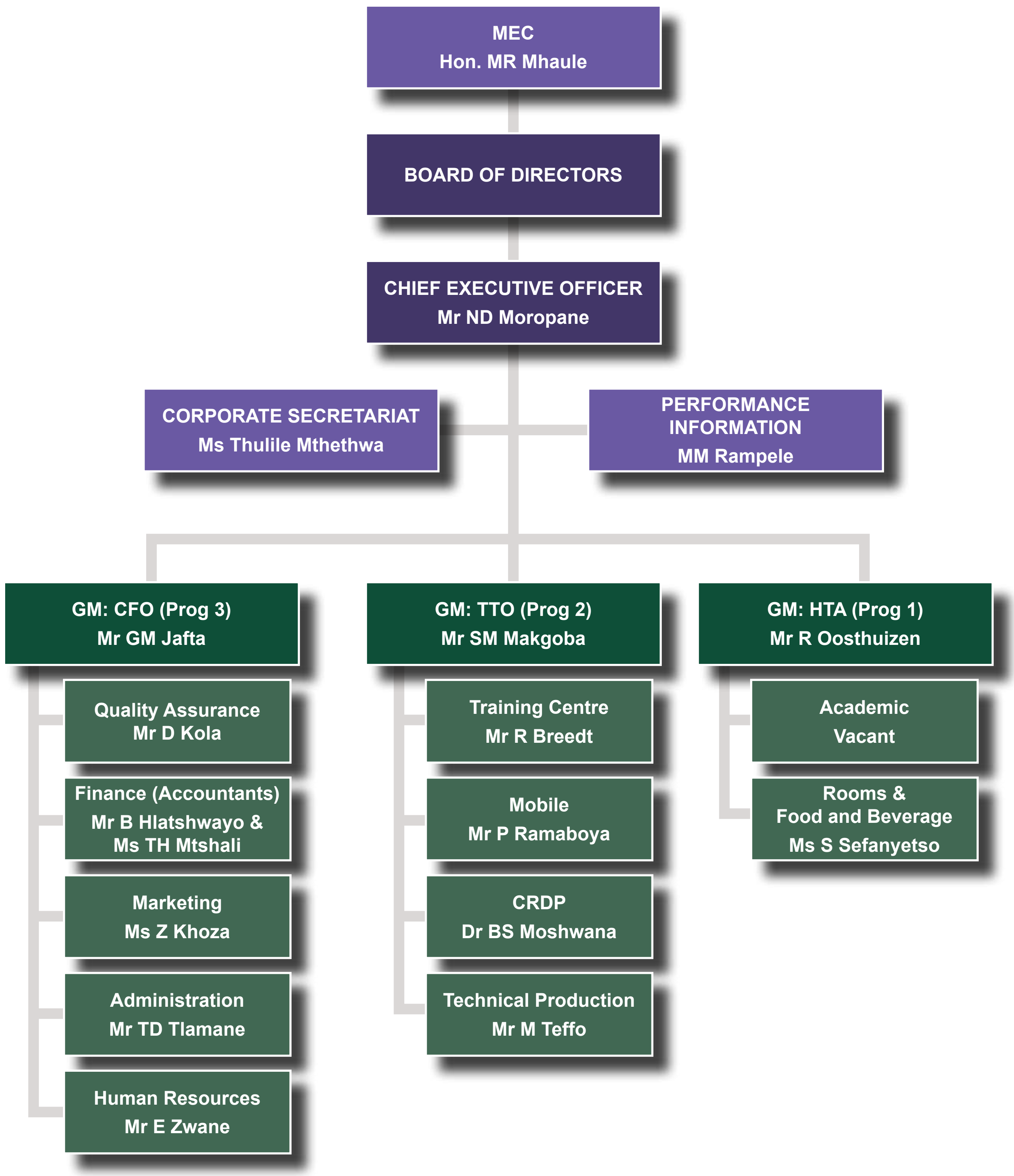
- Registered in terms of Schedule 3C of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- MRTT is registered as a Non-Profit Company (NPC) in terms of the New Companies Act, 2009 (Act No. 71 of 2008, with registration number 93/06132/08.
- Registered and a constituent member of the Education, Training and Development Practice Sector Education Training Authority (ETDP SETA) in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and the Skills Development Levies Act, 1999 (Act No. 78 of 1999) – Skills Levy No. L10073499
- Registered as a National Training Provider with the Department of Labour – Registration No. ID 453.

MRTT Accreditation Status

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

- Construction Education and Training Authority (CETA) (No. 6P5112).
- Manufacturing, Engineering and Related Services Sector Education and Training Authority (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)

8. ORGANISATIONAL STRUCTURE



THE PHOTOS OF BOARD MEMBERS

THE PHOTOS OF
SENIOR MANAGEMENT

THE PHOTOS OF SENIOR MANAGEMENT

PART B

PERFORMANCE INFORMATION




1. AUDITOR’S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 69 of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

MRTT is intent upon advancing the core mandate of developing human resources in Mpumalanga, through the provision of experiential, practical, technical, hospitality, tourism, entrepreneurial and life skills training. The main focus of MRTT is on empowering learners from primarily disadvantaged/rural communities, industry workers and government employees, to participate in the economic sphere of the province.

The entity's service delivery takes place largely in deep rural areas within the three major districts of the Mpumalanga Province, namely the Nkangala, Ehlanzeni and Gert Sibande Districts. The potential clientele base in these districts includes government departments, state-owned entities, municipalities, community-based organisations, co-operatives and privately owned companies. In these focal areas, the institution's interventions are driven by the increase in the intake of out-of-school youths, so that they could have access to skills programmes and, more in particular in the hospitality, tourism, technical and entrepreneurial fields.

MRTT is offering construction-related trades in eight identified Comprehensive Rural Development Programme (CRDP) Municipalities in the province, namely Bushbuckridge, Chief Albert Luthuli, Dipaleseng, Dr JS Moroka, Mkhondo, Nkomazi, Pixley ka Seme and Thembisile Hani. Some 740 learners received accredited institutional training in construction, manufacturing and engineering skills. These learners are currently participating in government infrastructure programmes, including the renovation of schools, hospitals, churches, buildings, RDP houses and shopping complexes. There are also learners who completed their training and established co-operatives.

MRTT is faced with the challenge of securing workplace integrated learning for all its learners upon completion of their institutional training. However, efforts are made to establish working relationships and partnerships with municipalities, as well as small-to-medium privately own companies in the province.

The other challenge facing MRTT, is the issue of learners exiting from the programmes before receiving their qualifications. This challenge was mitigated via constant learner support and feedback. The entity's hospitality sector faces a capacity challenge due to an increase in demand for the programmes offered. The facilities are used at maximum capacity and the MRTT cannot keep up with the increase in applications.

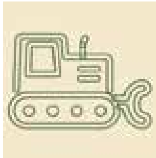
Limited infrastructure to reach out to all areas of the province simultaneously constitutes a challenge, even though a mobile sub-programme was established to increase access to deep rural communities.

The dual reporting of the company in terms of the Companies Act, 2008 (Act No. 71 of 2008) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) creates a challenge in terms of compliance to Corporate Governance, financial controls and administration, even though a process was initiated to resolve the matter.

The MRTT's service delivery environment, as an accredited institution, is highly regulated by relevant Sectorial Education and Training Authorities (SETAs), to which the institution is offering its various learning pathways (skills programmes and qualifications). The institution constantly has to ensure compliance with, and maintenance of accreditation, while also being responsive to the Mpumalanga Economic Growth Path and the Provincial Human Resources Development Strategy.

MRTT also has the advantage of opportunities offered by the Strategic Infrastructure Programmes and Mpumalanga Economic Growth, which will provide the necessary skills requisites for their implementations. The institution has to align its programme offering to respond to these demands.

External developments that contributed to the high demand for the hospitality and tourism programmes, are the increase in tourism in the province; the fact that more learners are aware of the opportunities that exist in the hospitality field; and the establishment of the University of Mpumalanga on the MRTT Hospitality and Tourism Academy (HTA) premises.




2.2. Organisational Environment

In 2004, MRTT underwent a job evaluation and grading process, as well as salary remuneration benchmarking. Since then, there have been significant changes in the actual duties and responsibilities of most employees. This was as a result of increased scope of training operations; the restructuring of training operations in response to the Provincial Human Resources Development Strategy; changes in technology; the acquisition of new business; and the implementation of government sponsored projects.

In order for the entity to respond to the above-mentioned developments, it had to undergo a transformation process to facilitate the appropriate execution of its mandate, by developing the right organisational structure and systems that will respond to the needs of the company, employees, customers, and stakeholders.

A transformation task team, which included management and organised labour, was established to lead the transformation process. The team consulted all employees regarding the proposed transformation projects, so as to ensure that everyone was aware of what direction the organisation was taking and that the process was inclusive of all employees, so that they could take ownership of the transformation process and outcomes.

The transformation process was undertaken by reviewing the Organisational Structure; conducting a job evaluation and grading process; conducting a remuneration benchmarking exercise; developing a Performance Management Policy System; reviewing Human Resources Policies; and putting Information Technology Systems in place. The results of the processes conducted were submitted to the MRTT Senior Management Committee (SMCO) for adoption and to the MRTT Board of Directors for approval.

The transformation projects were achieved as planned, even though challenges were encountered. The following projects were conducted successfully: the organisational structure was reviewed and approved; job evaluation and grading was done and approved; a remuneration benchmarking exercise was completed; a Performance Management Policy System was developed; Human Resources Policies were reviewed and approved; and Information Technology Systems were put in place. All the above-mentioned transformation projects were completed and are being implemented.

A few challenges were encountered during the transformation process. The process was delayed due to the sudden resignation of the Human Resources Manager, who was driving the process. Another Human Resources Manager was appointed to take the process forward, but resigned within three months. This elicited the concern from all those who were involved, which delayed the process further.

A new Human Resources Manager was appointed and mandated to speed up the process and he managed to execute the projects as per the set time-frames.

Another challenge encountered was the resistance of a few employees who were uncertain about their future in MRTT. Through continuous engagement with the employees concerned, the fear of the unknown was dealt with and an undertaking was made by management that the process was not intended to disadvantage employees, but to assist employees to improve their performance and accelerate service delivery.

2.3. Key Policy Developments and Legislative Changes

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

2.4. Strategic Outcome-oriented Goals

The entity has developed and is working towards the achievement of the four Strategic Goals, which are central to addressing some of the skills shortages in the province, as reflected in the 2009 to 2014 Strategic Plan. These goals were developed in line with Outcome 5 of the Medium-term Strategic Framework, namely: “A skilled and capable workforce to support an inclusive growth path”. The four key Strategic Goals developed are the following:

- Providing Access to Skills Development
- Providing an Effective Support System
- Marketing of Products and Services
- Providing Workplace Training, Coaching and Mentoring

A tremendous effort and resource allocation over the years were at the centre of the implementation and achievement of these goals consequently yielding positive results.

Providing Access to Skills Development

The entity has a mandate to develop the human resources base of the province via the development of skills by providing experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training.

The entity is committed to providing effective support systems by improving service delivery via compliance with applicable legislation and non-legislative requirements. Positive strides were made to ensure compliance with internal training policies and the SETA set criteria. Financial management and governance were enhanced by the implementation of, and compliance with legislation, such as the PFMA; Generally Recognised Accounting Practice (GRAP); Generally Accepted Accounting Practice (GAAP) and International Financial Reporting Standards (IFRS) as well as King III on Corporate Governance.

In order to boost the marketing of products and services and subsequently learner recruitment, the entity conducted radio and print campaigns, as well as direct marketing at career guidance exhibitions. The entity enhanced its Corporate Marketing Campaign by developing and printing the MRTT Corporate Brand Identity Manual and upgrading the company website, in order to increase awareness of the company's product offerings and services. As such, at the end of the period under review, the MRTT website had increased its number of visitors by a huge margin from 5 388 at the beginning of the financial year to 45 497 – a major achievement for the entity.

As a commitment on delivery of Outcome 5, the entity aligned its targets with this outcome and with Output No. 3. which is to increase access to occupationally-directed programmes in needy areas and thereby expanding the availability of intermediate-level skills (with a special focus on artisan skills).

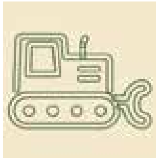
The entity's Strategic Plan is anchored in the notion of developing a human resources base via the provision of experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training.

These Strategic Goals constitute an outcome of robust engagement with all stakeholders who recognised the need for addressing the shortage of artisan and scarce skills in the province. Furthermore, these goals are encapsulated in the three programmes that the public entity is required to adhere to.

During the period under review, the entity's target was to train 140 learners in Hospitality Skills. The entity actually succeeded in training a total of 191 learners in Hospitality skills (Professional Cookery: 38, Assistant Chef: 105, Accommodation Services: 25 and Food and Beverages: 23.

By means of institutional technical training, the entity furthermore targeted 1 100 learners in accredited construction, manufacturing and engineering skills programmes. It succeeded in training 1 202 learners of whom two are learners with a disability.

In addition, the entity planned to do trade testing and Recognition of Prior Learning (RPL) with 44 candidates for the period under review. The entity managed to do trade testing/RPL with 44 candidates and 32 were declared competent (qualified artisans).




3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Hospitality and Tourism Academy

Programme Objective: To provide overall capacity-building in Hospitality and Tourism as per CATHSSETA identified scarce skills audit within prescribed standards in accordance with sound business principles to attain financial sustainability by 2014.

3.1.1. The programme comprises the following sub-programmes:

SUB-PROGRAMME: ACADEMIC
SUB-PROGRAMME: ROOMS DIVISION
SUB-PROGRAMME: FOOD AND BEVERAGE DIVISION

3.1.2. Strategic Objectives

Strategic Objective	Provision of theoretical and practical skills training.
Objective Statement	To provide theoretical and practical skills training to 700 learners by 2014/15.

Strategic Objective	Provision of graded Accommodation Services and workplace training.
Objective Statement	Provision of accredited accommodation services for income generation and learner workplace training by 2014/15.

Strategic Objective	Provision of graded Food and Beverage Services and workplace training
Objective Statement	Provision of accredited Food and Beverage Services for income generation and learner workplace training by 2014/15.

3.1.3. Strategic Objectives Planned and Actual Achievements

SUB-PROGRAMME: ACADEMIC DIVISION					
Strategic Objectives	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
Provision of theoretical and practical skills training.	95 learners	140 learners	191 learners	51 learners	Deviation is due to learner demand and learners from the Dept. of Tourism who were not planned for.
Provision of graded Food and Beverage services and workplace training.	14 learners coached and mentored in the workplace.	20 learners	25 learners coached and mentored in the workplace.	5 learners	Over-enrolment due to learner demand and to make provision for abscontions.
Provision of graded Food and Beverage services and workplace training.	16 learners coached and mentored in the workplace.	20 learners	23 learners coached and mentored in the workplace.	3 learners	Over-enrolment due to learner demand and to make provision for abscontions.

3.1.4. Performance Indicators Planned and Actual Achievements

SUB-PROGRAMME: ACADEMIC

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

The core priorities of the sub-programme are the provision of theoretical knowledge and practical skills in the areas of Food Production, Food and Beverage Services and Accommodation Services.

These programmes are mandated by the approved CATHSSETA (Culture Arts Tourism Hospitality Sport Sector Education and Training Authority).

The following are the planned targets for the sub-programme during the period under review:

- 40 learners targeted for the National Certificate in Professional Cookery;
- 60 learners targeted for the Assistant Chef Skills Programme;
- 20 learners targeted for the National Certificate in Accommodation; and
- 20 learners targeted to receive training in National Certificate in Food and Beverages Services

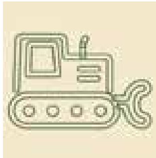
During the year under review, the sub-programme was able to train the learners as follows:

- 143 learners in the Food Production area.
- 25 learners in the Accommodation Services area.
- 23 learners in the Food and Beverage Services area.

The division compiled, managed and monitored the implementation of Hospitality and Tourism plans as per the APP informed by the strategic objectives for the MTEF period.

All PPIs in this report have technical descriptions which are on a separate document.

SUB-PROGRAMME: ACADEMIC DIVISION					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 101: Number of learners that received training in approved unit standards for the National Certificate in Professional Cookery.	39 learners completed training. Assessment and moderation of learning outcomes were conducted.	40 learners were targeted to receive training in approved unit standards for the National Certificate in Professional Cookery.	38 learners received continuous training in approved unit standards. Assessment and moderation was done and learners completed programme.	2 learners	Learners absconded from the programme for personal reasons.
PPI 102: Number of learners that received training in approved unit standards for the Assistant Chef Skills Programme.	56 learners completed training and were assessed.	60 learners were targeted to receive training in approved unit standards for the Assistant Chef Skills Programme.	105 learners received training in approved unit standards for Assistant Chef Skills Programme.	45 learners	Over-achievement due to learners from National Department of Tourism who were not planned for.

SUB-PROGRAMME: ACADEMIC DIVISION (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 103: Number of learners that received training in the approved unit standards for the National Certificate in Accommodation Services.	14 learners completed training, were assessed and learning outcomes moderated.	20 learners were targeted to receive training in the approved unit standards for the National Certificate in Accommodation.	25 learners received continuous training. Assessment and moderation was done and learners completed programme.	5 learners	Over-enrolment due to learner demand and to make provision for abscontions.
PPI 104: Number of learners that received training in the approved unit standards for the National Certificate in Food and Beverages Services.	16 learners completed training, were assessed and learning outcomes moderated.	20 learners were targeted to receive training in the approved unit standards for the National Certificate in Food and Beverages Services.	23 learners received continuous training. Assessment and moderation was done and learners completed programme.	3 learners	Over-enrolment due to learner demand and to make provision for absconsions.
PPI 105: Income generated from learner training fees.	R1 254 944 generated.	R1 217 800 was targeted to be generated from learner training fees.	R1 498 585 was generated for the period under review.	R280 785	Over-achievement due to learners from National Department of Tourism who were not planned for and more learners enrolling on all programs.

Strategy to overcome areas of under-performance

Additional learners will be recruited and trained during the 2014/15 financial year to accommodate these two learners.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: ROOMS DIVISION

Business Focus: The successful management of the hospitality operations, in accordance with sound business principles to achieve financial viability and provide environment conducive to learner workplace training.

During the year under review the Sub-programme targeted to coach and mentor 20 learners for the 2013/14 financial year and managed to train, coach and mentor 25 learners. The Sub-programme managed to retain 3 Star Tourism Grading for the Hospitality and Tourism Academy.

SUB-PROGRAMME: ROOMS DIVISION					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 106: Number of learners coached and mentored in the workplace.	14 learners were coached and mentored in the workplace.	20 learners targeted to be coached and mentored in the workplace.	25 learners were coached and mentored in the workplace.	5 learners	Over-achievement due to increased number sent by Academic Division for workplace coaching and mentoring.
PPI 107: Generated revenue in Rooms Division.	R 1 217 936 was generated.	R1 210 000 targeted to be generated through projected revenue in rooms division.	R 1 774 947 was generated.	R 564 947	Deviation due to business increase during the year under review.
PPI 108: Tourism Grading certificate.	3 Star Tourism grading has been retained.	Retain 3 Star Tourism Grading.	Retained the 3 Star Tourism Grading.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 109: Attain set room occupancy.	32.5% attained.	35% room occupancy targeted to be attained.	55% of room occupancy achieved.	20%	Over achievement due to increase in business during the year under review.

Strategy to overcome areas of under-performance

The public entity will enrol more learners to make provision for abscontions. Coaching and mentoring of learners depends on the number of learners sent to workplace.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: FOOD AND BEVERAGE DIVISION

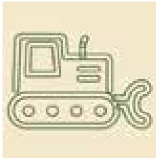
Business Focus: Management of food and beverage operation within the Hospitality and Tourism Academy, in accordance with business principles to achieve financial viability and provide an environment conducive to learner workplace training.

The Sub-programme targeted to coach and mentor 120 learners for the 2013/14 financial year as follows:

- 40 learners targeted to be coached and mentored in National Certificate in Professional Cookery.
- 60 learners targeted to be coached and mentored in Assistant Chef Skills Programme.
- 20 learners to be coached and mentored in National Certificate in Food and Beverage.

The learners trained, coached and mentored at the workplace during the year under review are as follows:

- 38 learners in Professional Cookery;
- 63 learners in Assistant Chef and;
- 23 learners in Food and Beverage Services.




SUB-PROGRAMME: FOOD AND BEVERAGE DIVISION					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 110: Number of learners coached and mentored in National Certificate in Professional Cookery.	39 learners were coached and mentored in the workplace.	40 learners targeted to be coached and mentored in National Certificate in Professional Cookery.	38 learners were coached and mentored in the workplace.	2 learners	Learners absconded due to personal reasons.
PP 111: Number of learners coached and mentored in Assistant Chef Skills Programme.	56 learners were coached and mentored.	60 learners targeted to be coached and mentored in Assistant Chef Skills Programme.	63 learners were coached and mentored in the workplace.	3 learners	Over-achievement due to more learners registering on the programme.
PPI 112: Number of learners coached and mentored in National Certificate in Food and Beverage.	16 learners were coached and mentored in the workplace.	20 learners to be coached and mentored in National Certificate in Food and Beverage.	23 learners were coached and mentored in the workplace.	3 learners	Over-achievement of due to more learners registering on the programme.
PPI 113: Generated revenue in Food and Beverage Division.	R 1 893 441 revenue was generated.	R1 694 000 revenue targeted to be realized in food and beverage services.	R 2 014 934	R320 934	Over-achievement due to business increase during the reporting period.
PPI 114: Attain set food cost percentage.	34.80% attained	38% targeted to be attained through set food cost.	35% attained	3%	Over-achievement due to effective implementation of internal controls.
PPI 115: Attain set beverage cost percentage.	29.51% attained	34% targeted to be attained through set beverage cost.	29% attained	5%	Over-achievement due to effective implementation of internal controls.
PPI 116: Attain set hygiene standards as per Health and Safety Regulation 5 & 6 of 1999.	89% of overall hygiene standard has been attained.	85% targeted to be attained through hygiene set standards as per regulation 5 & 6 of 1999.	89% of overall hygiene standard has been attained.	4%	Over-achievement due to external hygiene audit recommendations implemented where possible.

Strategy to overcome areas of under-performance

The public entity will enrol more learners to make provision for abscontions. Coaching and mentoring of learners depends on the number of learners send to workplace.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

Linking performance with budgets

Sub-programme	2013/2014			2012/2013		
	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000
Academic	3 154	3 497	(343)	3 154	3 062	9
Rooms Division	6 315	5 926	389	6 316	5 625	691
Food and Beverage Division	3 987	3 300	687	3 987	3 073	914
Total	13 456	12 723	733	13 457	11 760	1 614

The allocated budget on Food and Beverage was sufficient. Academic has a challenge that the facilities and equipment has aged and is outdated and needs replacement to meet CATHSSETA requirements on facilities used to train learners.

3.2. Programme 2: Technical Training Operations

Programme Objective: To develop skills in technical and other areas, quality training through mobile units and provide workplace experiential training.

3.2.1. The Programme has the following Sub-Programmes

SUB-PROGRAMME: TRAINING CENTRES
SUB-PROGRAMME: MOBILE TRAINING
GRANT : COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)
SUB-PROGRAMME: TECHNICAL PRODUCTION

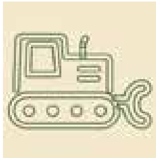
3.2.2 Strategic Objectives

Strategic Objective	Construction, Manufacturing and Engineering Skills Development.
Objective Statement	To provide accredited construction, manufacturing and engineering skills training to 5 500 learners through institutional training and provide Trade testing and Recognition of Prior Learning to 164 candidate by 2014/15.

Strategic Objective	Construction, Manufacturing and Engineering Skills Development.
Objective Statement	To provide customised and accredited construction, manufacturing and engineering skills training to 3 300 learners, and 1 000 learners with Learnership and Apprenticeship through mobile training by 2014/15.

Strategic Objective	Provision of relevant skills for participation in the Comprehensive Rural Development Programme (CRDP).
Objective Statement	Provision of accredited construction skills training to 1 890 learners through CRDP by 2014/15.

Strategic Objective	Provision of workplace training.
Objective Statement	Management of production projects for income generation and workplace training by 2014/15.




3.2.3 Strategic Objectives Planned and Actual Achievements

SUB-PROGRAMME: TRAINING CENTRE					
Strategic Objectives	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
Construction, Manufacturing and Engineering Skills Development (Training Centres).	1 080 learners	1 100 learners	1 202 learners	102 learners	Over-enrolment due to learner demand and to make provision for abscontions.
Construction, Manufacturing and Engineering Skills Development (Mobile).	337 learners	460 learners	178 learners	282 learners	Not enough learners registered for the programmes.
Comprehensive Rural Development Programme.	618 learners	720 learners	740 learners	20 learners	The over-achievement was due to continuous request by benefitting municipalities which sought to address unemployment and skills empowerment of respective youth in all CRDP Sites.
Provision of workplace training.	299 learners	130 learners	131 learners	1 learner	Over-achievement due to learner demand.

SUB-PROGRAMME: TRAINING CENTRES

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

The core priorities of the division are the provision of quality skills training through institutional training programmes.

The Entity targeted to train 1 100 learners to receive accredited institutional training in construction, manufacturing and engineering skills.

The entity managed to train 1 202 learners in Construction, Manufacturing and Engineering skills training on NQF Level 2, 3 and 4 for the 2013/14 financial year.

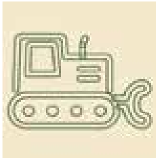
SUB-PROGRAMME: TRAINING CENTRES					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 201: Number of learners that received customized and/or accredited institutional training in construction, manufacturing and engineering skills.	1 080 Learners received accredited institutional training in construction, manufacturing and engineering skills.	1 100 learners were targeted to receive accredited institutional training in construction, manufacturing and engineering skills.	1 202 learners received accredited institutional training in construction, manufacturing and engineering skills.	102 learners	Over-enrolment due to learner demand and to make provision for abscontions.
PPI 202: Percentage compliance to the CETA set criteria.	The target was not achieved as planned.	Ensure 100% compliance with the CETA set criteria.	Ensured 100% compliance with the CETA set criteria.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 203: Number of candidates assessed in Recognition of Prior Learning (RPL) and Trade testing in the construction trades.	The target was not achieved as planned as Task combinations for applicants have been sent to Construction Sector Education and Training Authority (CETA) for approval.	44 candidates to be assessed in Recognition of Prior Learning (RPL) and trade testing.	Conducted assessment on 44 candidates for RPL and Trade Testing in the construction trades.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 204: Generated income from private learners fees.	R 4 055 533 was generated as average income.	R 3 253 800 to be generated from private learners training fees.	Generated R 3 475 102 from private learners training fees.	R 221 302	Over-achievement due to the number of learners enrolled for the period under review.

Strategy to overcome areas of under-performance

No strategies to overcome areas of under performance because all the targets have been achieved.

Changes to planned targets

No performance indicator or targets was changed during the period under review.




SUB-PROGRAMME: MOBILE TRAINING

Business Focus: To provide quality training through mobile units in response to the Provincial Growth and Development Strategy (PGDS).

The core priorities of the division are the provision of quality training through mobile units.

During the 2013/14 financial year the Sub-programme targeted to train 460 learners on customised and accredited skills, 300 learners on Building & Civil Construction NQF level 3; 200 learners on workplace opportunities and incubation programme and 100 learners on Air Conditioning, Refrigeration and Ventilation NQF Level 2 Learnership.

For the year under review the following targets were achieved:

- 178 learners were trained on customized and accredited skills,
- 369 learners completed Learnership training on Building and Civil Construction NQF level 3;
- 84 learners completed Learnership training on Air Conditioning, Refrigeration and Ventilation NQF Level 2 Learnership
- 131 learners were placed from the National Youth Services (NYS) Programme.

SUB-PROGRAMME: MOBILE TRAINING					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 205: Number of learners trained through customised and accredited training.	377 learners were trained on customized and accredited training skills.	460 learners targeted to be trained in customised accredited training.	178 learners were trained on customised and accredited training.	282 learners	Not enough learners registered for the programmes.
PPI 206: Number of learners trained on Building, Civil Construction (B&CC).	274 learners completed off-job training of on Building and Civil Construction.	300 learners on Building, Civil Construction (B&CC).	369 Learners were trained on Building and Civil Construction.	69 learners	Over-achievement due to the number of projects secured for the year.
PPI 207: Number of learners trained in Air Conditioning, Refrigeration and Ventilation NQF Level 2 (Learnership).	57 learners completed off-job training. 43 learners commenced with off-job training.	100 learners on Air Conditioning and Refrigeration NQF Level 2 (Learnership).	84 learners were trained on Refrigeration, Air Conditioning and Ventilation.	16 learners	The variance is due to learners absconding from the programme.
PPI 208: Number of learners targeted for workplace opportunities and incubation programme.	A total of 224 trainees were successfully placed for workplace experiential training programme.	200 learners on workplace opportunities and incubation programme.	131 learners were placed for work placement and incubation.	69 learners	Deviation is due to insufficient employment opportunities near the place where learners reside.
PPI 209: Average income generated from learners fees.	R 33 651 235 was generated for the year 2012/13.	R 5 270 760 targeted to be generated from learner fees.	R 27 666 964	R 22 396 204	Variance was due to the number of project secured for the year.

Strategy to overcome areas of under-performance

The public entity will embark on an aggressive learner recruitment drive, learners support engagement encouraging to complete training and secure work placement opportunities in other areas in the province.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

GRANT: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)

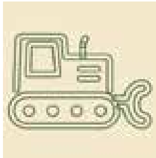
Business Focus: To uplift and enable rural communities' full responsibilities for their own rural development initiatives. The Programme`s core mandate is to empower and equip rural unemployed youth with relevant skills to better their lives.

For the year under review the entity's main core mandate in terms of CRDP was the provision of construction related trades (Bricklaying, Plastering & Tiling, Carpentry, Plumbing, Painting and Electrical) to 720 learners in 8 (eight) identified CRDP Local Municipalities.

The entity managed to provide training on construction related trades to 725 learners as follows during the year under review:

- Dr JS Moroka (90 learners);
- Thembisile Hani (90 learners);
- Mkhondo (90 learners);
- Chief Albert Luthuli (90 learners);
- Nkomazi (90 learners);
- Pixley- ka-Seme (90 learners);
- Bushbuckridge (95 learners); and
- Dipaleseng (90 learners).

SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 210: Number of learners who received accredited Institutional training in Construction, Manufacturing & Engineering Skills.	618 learners were registered and trained in construction related programmes.	720 learners targeted to receive Institutional training in construction, manufacturing and engineering skills.	740 learners received accredited institutional training in construction, manufacturing and engineering skills.	20 learners.	The over-achievement was due to continuous requests by benefitting municipalities, which sought to address unemployment and skills empowerment of respective youth in all CRDP Sites.




SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP) (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 211: Number of learners placed in incubation for experiential learning.	618 learners received off-job training.	720 learners targeted to be incubated, undergoing business Skills and employment opportunities through infrastructure programmes from all our CRDP sites.	725 learners are currently incubated and undergoing Business Skills Training as empowerment on employment opportunities through infrastructure programmes from all our CRDP sites.	5 learners	The over achievement was due to continuous request by benefitting municipalities which sought to address unemployment and skills empowerment of respective youth in all CRDP Sites.
PPI 212: Income generated from Learner Training fees.	R22 071 000 was generated from learner training fees.	R23 000 000 income targeted to be generated from learner Training fees.	R24 358 800 was generated for the year under review.	R1 358 800	Variance due to NYDA grant transferred to the entity to assist CRDP learners in business and incubation skills.

Strategy to overcome areas of under performance

Public entity has achieved in areas of performance.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: TECHNICAL PRODUCTION

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

During the 2013/14 financial year the Sub-programme targeted to coach and mentor 130 learners in Construction related trades. The Sub-programme managed to coach and mentor 131 Learners for experiential training. The learners were trained in Construction related trades within CROs (Community Resource Organizations) at different Local Municipalities in the Province.

MRTT received a special project to coach and mentor learners in construction related trades for CRDP programme, which included building of RDP houses, renovation of schools and community halls and building of school toilets in the Province.

SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP) (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 213: Number of learners placed for experiential learning and trained on construction related trades.	299 learners were placed for experiential training and trained in construction related trades within CROs and MRTT projects at different municipalities in Mpumalanga Province.	130 learners targeted to be coached and mentored for experiential learning and trained on construction related trades.	131 learners have been coached and mentored for experiential learning and trained in construction related trades.	1 learner	Deviation due to learner demand.
PPI 214: Revenue generated from projects and workplace training.	R1 930 142 was generated as revenue for projects and workplace training.	R 2 052 400 revenue targeted to be generated for the projects and workplace.	R 4 731 666 was generated as revenue for projects and workplace training.	R 2 679 266	Over achievement due to projects secured.
PPI 215: Establish training incubators for the production units.	No achievement as the targeted companies did not show interest in funding the establishment of the incubators.	Source funding for business plan in three workshops: Welding, Panel beating and Automotive petrol and diesel.	Three workshops: Welding, Panel beating and Automotive petrol and diesel have been constructed.	No deviation as the target was achieved.	No deviation as the target was achieved.

Strategy to overcome areas of under performance

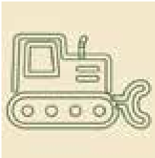
Public entity has achieved in areas of performance.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

Linking performance with budgets

Sub-programme	2013/2014			2012/2013		
	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000
Training Centre	11 555	12 249	(694)	11 556	9 699	1 857
Mobile	54 613	44 313	10 300	42 714	18 125	24 590
CRDP	23 302	25 889	(2 588)	22 071	12 442	9 629
Technical Production	1 980	4 288	2 308	1 980	1 843	137
Total	36 837	86 739	(9 326)	78 321	42 109	36 213




3.3. Programme 3: Corporate Services

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

3.3.1. The Programme has the following Sub-Programmes

SUB-PROGRAMME: QUALITY ASSURANCE
SUB-PROGRAMME: FINANCE
SUB-PROGRAMME: MARKETING
SUB-PROGRAMME: ADMINISTRATION
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT
SUB-PROGRAMME: CORPORATE SECRETARIAT
SUB-PROGRAMME: PERFORMANCE INFORMATION DIVISION

3.3.2 Strategic Objectives

Strategic Objective	Quality of learning provision.
Objective Statement	To assure compliance to internal training policies and SETA set criteria by 2014/15.

Strategic Objective	Financial Management.
Objective Statement	To strengthen financial management and governance through adherence, Implementation and compliance to legislation – PFMA, GRAP, GAAP, IFRS by 2014/15.

Strategic Objective	Recruitment of learners, Project canvassing, Corporate Marketing& Brand Management.
Objective Statement	Through Marketing increase learner intake, income generation for programme and secure Training projects by 2014/15.

Strategic Objective	Administrative Support Management.
Objective Statement	To provide effective and efficient administrative support in line with Company Policies and applicable government legislation by 2014/15

Strategic Objective	Human Resource Management.
Objective Statement	To manage the Company's Human Resources in accordance with the best Human Resource Practices by 2014/15.

Strategic Objective	Legal and Secretarial Management.
Objective Statement	To manage the company's Legal- and Secretarial departments in accordance with best practices and legal requirements by 2014/15.

Strategic Objective	Management of Quality Performance Information.
Objective Statement	To manage the performance information systems in accordance with the required national and provincial framework by 2014/15.

3.3.3 Strategic Objectives Planned and Actual Achievements

PROGRAMME 3: CORPORATE SERVICES					
Strategic Objectives	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
Quality of learning provision.	Complied to internal training policies and SETA set criteria.	Compliance to internal training policies and SETA set criteria.	Complied to internal training policies and SETA set criteria.	No deviation as the target was achieved.	No deviation as the target was achieved.
Financial Management.	Financial resources managed.	Ensure compliance to legislation.	Complied with legislation.	No deviation as the target was achieved.	No deviation as the target was achieved.
Recruitment of learners, Project canvassing, Corporate Marketing& Brand Management.	1914 learners were recruited, Corporate Identity Manual Developed.	1900 learners targeted. 3 000 MRTT Promotional brochures printed and distributed.	1 422 learners were recruited and 9298 MRTT promotional brochures distributed.	478 less learners recruited and 6298 more MRTT Promotional brochures distributed.	CETA withholding of 5 secured training projects. There was a huge demand and requests for MRTT brochures.
Administrative Support Management.	Effective and efficient administrative support provided.	Provide effective and efficient administrative support.	Effective and efficient administrative support provided.	No deviation as the target was achieved.	No deviation as the target was achieved.
Human Resource Management.	Managed Human Resources in the entity.	Manage Human Resources in the entity.	Managed Human Resources in the entity.	No deviation as the target was achieved.	No deviation as the target was achieved.
Legal and Secretarial Management.	Legal- and Secretarial matters managed.	Manage Legal- and Secretarial matters.	Legal - and Secretarial matters managed.	No deviation as the target was achieved.	No deviation as the target was achieved.
Management of Quality Performance Information.	Performance Information Managed.	Manage Performance Information.	Performance Information Managed.	No deviation as the target was achieved.	No deviation as the target was achieved.

3.3.4 Performance indicators, planned targets and actual achievements

SUB-PROGRAMME: QUALITY ASSURANCE

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

The core mandate of the Quality Assurance sub programme is to ensure that all training activities are legitimate through the Accreditation process.

The entity managed to achieve the following:

- The entity has planned to ensure all the training activities are legitimate through accreditation process. Monitoring and Evaluation processes will be conducted to ensure so as to meet the expected requirements by various stakeholders including the SETAs. All programmes were monitored monthly and quarterly to ensure compliance with the SETA ETQA regulations.
- Quality Management System procedures and policies were reviewed, updated and implemented to ensure that the training activities remain within the parameters of accredited training.
- Audited all programmes on quarterly basis to ensure that the entity meets compliance and to maintain accreditation status.




- CETA accreditation was renewed to meet compliance with the statutory requirements.
- The registration status of assessors and moderators with SETAs were renewed as per the SETA ETQA regulation.
- All programmes were monitored monthly and quarterly to ensure compliance with the SETA ETQA regulations.

SUB-PROGRAMME: QUALITY ASSURANCE					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 301: Number of audits and management reviews conducted.	Conducted 3 Audits to internal training policies and procedures	Conduct 3 audits on compliance to internal training policies and procedures and 1 management review.	Conducted 3 audits on compliance to internal training policies and procedures and 1 management review.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 302: Number of procedures reviewed in line with ISO 9001: 2008.	Only half of QMS alignment to ISO 9001:2008 was done	Review 6 QMS procedures to ISO 9001:2008.	Reviewed 6 QMS procedure to ISO 9001: 2008 on management review.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 303: Number of Accreditation and Programme Approval renewed and maintained with SETAs.	Not achieved.	Renew 1 accreditation with CETA. 1 Renewed programme approval with EWSETA.	Renewed 1 accreditation with CETA. 1 programme approval was not renewed with EWSETA.	Renewal of 1 programme Approval with EWSETA.	The new changes in SAQA transferred the approval of the programme to CETA from EWCETA which necessitated new set of requirements.
	The CETA accreditation was maintained as planned.	Maintain 2 programme approval with MerSETA and CATHSSETA.	Maintained 2 programme approval with MerSETA and CATHSSETA.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 304: Number of Assessors, Moderators, Skills Programmes, Learnerships and Apprenticeships registered.	Submitted registration and renewal of registration of assessors.	Register 1 assessor and renew registration of 12 assessors and 2 moderators.	Registered 8 assessors. Renewed registration of 7 assessors. Renewed registration of 3 moderators.	Registration of 7 assessors. Registration renewal of 1 moderator. Registration renewal of 5 assessors.	Over-achievement was due to the number of assessors and moderators that needed to be registered, awaiting CETA registration.
	Centre Skills Programmes have been submitted for registration with CETA.	Register all skills programmes, learnerships and apprenticeships.	Registered all skills programmes, learnerships and apprenticeships.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 305: Number of learners placed for on-job training/ permanent employment.	A total of 362 trainees were successfully placed for workplace experiential training programme as follows: • 64 Centres • 98 Hospitality & Tourism Academy • 200 Mobile Unit	90% overall registered learners to be placed for on – job experiential training and permanent work-placement opportunities for all trained students (HTA, Mobile , CRDP and NYS). 80% for training centre and air - conditioning and ventilation.	39 % (708 out of 1 820) overall registered learners placed for on-job experiential training and permanent opportunities for all trained students (HTA, Mobile Unit, CRDP and NYS). 19% (222 out of 1200) for training centre and air Condition, refrigeration and ventilation.	51 % overall registered learners placed for on-job experiential training and 61% for training centre and air condition, refrigeration and ventilation.	Deviation is due to insufficient employment opportunities near the place where learners reside.

Strategy to overcome areas of under-performance

MRTT is in the process of assisting learners with accommodation (secured accommodation at eMalahleni). Additional staff will be recruited for sourcing employment opportunities.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: FINANCE

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

The Finance sub-programme planned to collect 80% of the revenue and 100% payment of creditors within 30 days for the financial year 2013/14

During the financial year 2013/14 the finance sub-programme managed to collect 97% of revenue and 100% of creditors payments were made within 30 days. Furthermore the entity acquired budget module in Pastel and CaseWare financial software.

SUB-PROGRAMME: FINANCE					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 306: Collection of Revenue.	New indicator.	80% of MRTT Revenue to be collected.	97% of revenue has been collected.	17%	Intensified follow-ups were made with debtors.
PPI 307: Payment of all creditors within 30 days from date of receipts of invoice.	New indicator.	100% payment of all creditors within 30 days of receipt of invoice.	100% of creditor's payments were made within the specified 30 day period.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 308: Maintaining complete and accurate Fixed Asset Register (FAR).	New indicator.	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger, perform quarterly reports.	1^{st}, 2^{nd}, 3^{rd} and 4^{th} Quarter physical verification of fixed assets were conducted and reconciled the FAR to the General Ledger.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 309: Prepare and submit Financial Performance Reports.	New indicator.	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 Board of Directors.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 310: Prepare and submit approved Annual Financial Statements to Auditor-General and Provincial Treasury.	New indicator.	Submission of Annual Financial Statements before 31 May.	Annual Financial statements were submitted to the Auditor-General and Provincial Treasury on the 31^{st} May 2013.	No deviation as the target was achieved.	No deviation as the target was achieved.




Strategy to overcome areas of under-performance

No strategy as the targets were achieved

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: MARKETING

Business Focus: To ensure sustainability of the organization through applying sound marketing strategies that would yield income generation as per organizational budget, maintenance of market share and alignment of activities with the government mandate.

The core mandate of the Marketing Division is to market the MRTT's product and services in order to attract suitable candidates to enrol in the training programmes, and also potential clients who will invest in the entity through training projects for community members and their employees.

The following were the key targets for the Division during the year under review:

- 1 900 learners were targeted to be recruited for the technical, hospitality and tourism, learnership and apprenticeship training programmes.
- 9 learner recruitment adverts (print/ electronic) targeted.
- 10 Career Guidance and Stakeholder Exhibitions.
- Conduct 10 school visits.

During the year under review the Marketing Sub-programme achieved the following:

- 1 422 learners were recruited for the technical, hospitality and tourism, learnership and apprenticeship.
- 9 learner recruitment adverts were achieved.
- 39 Career Guidance Exhibition were conducted.
- 12 schools were visited.

SUB-PROGRAMME: MARKETING					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 311: Number of recruited learners for the Technical, Hospitality and Tourism, learnership and apprenticeship training programmes	1 914 learners were recruited for the technical, hospitality and tourism, learnership and apprenticeship.	1 900 learners were targeted to be recruited for the technical, hospitality and tourism, learnership and apprenticeship training programmes.	1 422 learners were recruited.	478 learners.	CETA withholding of 5 secured training projects with a total of 872 recruited learners affected planned targets.

SUB-PROGRAMME: MARKETING (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 312: Number of learner recruitment advertisements; school visits; Career and Stakeholder exhibitions.	17 learner recruitment adverts.	9 learner recruitment adverts (print/ electronic).	9 learner recruitment adverts were achieved in this reporting period	No deviation as the target was achieved.	No deviation as the target was achieved.
	23 career guidance Exhibition.	8 career guidance and stakeholder exhibitions.	39 career Guidance & Trade Exhibitions were achieved for the financial reporting period.	31 career guidance and stakeholder exhibition.	The planned target was exceeded due to an increase in demand for MRTT's training profile presentations and information.
	16 schools were visited.	Conduct 8 school visits.	12 schools were visited during this financial reporting period.	4 schools visits	Target exceeded due to demand on MRTT skills training information
PPI 313: Number of Service Level Agreements (SLA) training projects signed.	2 training projects were secured from CETA.	4 SLA training projects.	2 training projects were signed.	2 training projects.	The initial actual output on training projects was 7, However CETA withdrew their 5 projects, which were secured and contracted to MRTT, because there was no SLA between CETA and MRTT.
PPI 314: Number of Public Private Partnership Agreement (PPP) signed.	2 PPP agreement was signed.	2 PPP agreements targeted to be signed.	Target not achieved as planned.	2 PPP agreements.	Awaiting signing of MOU's with Emakhazeni local municipality and Mpumalanga Stainless initiative.
PPI 315: Print/ Electronic Corporate Advertising.	6 corporate adverts placed in relevant publication.	6 corporate marketing advertising & advertorial.	6 corporate advertising were placed in different publications.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 316: Number of outdoor billboard advertising sites secured.	New Indicator.	8 MRTT outdoor billboard advertising sites secured.	8 MRTT outdoor billboards advertising were secured.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 317: Number of MRTT Promotional brochures printed and distributed.	• 3 000 HTA academic brochures • 1 000 HTA accommodation brochures • 3 000 technical training brochures	3 000 MRTT promotional brochures printed and distributed.	9 298 MRTT promotional brochures distributed.	6 298 MRTT promotional brochures.	Target was exceeded due to demand and requests of MRTT brochures.




SUB-PROGRAMME: MARKETING (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 318: Number of bookings made through accommodation marketing websites.	2 tourism marketing website were enlisted for HTA accommodation: • Safari Now and • Where to stay in SA.	2 electronic accommodation marketing websites secured for HTA advertising.	4 electronic accommodation websites were secured for HTA accommodation bookings enlisting.	2 electronic accommodation websites.	Target exceeded due to negotiations that resulted to more listing on electronic marketing websites.
PPI 319: Develop and design MRTT Corporate Identity (CI) Manual (Branding material/ Banners).	The Corporate Identity (CI) Manual is completed.	Workshop internal Stakeholders on the correct application of the MRTT Corporate Identity Manual.	CI Manual workshop was conducted to Senior Management Committee.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 320: Number of MRTT website visitors monitored.	16 676 visitors visited the website in the 2012/13,	To monitor 2000 visitors on MRTT website.	4 7 007 visitors on MRTT website were monitored	45 007 visitors.	Target was over-achieved due to the road show conducted in February which exposed MRTT to a wider target market that visited our website for more information.

Strategy to overcome areas of under-performance

The entity will target schools that offer Technical and Consumer programmes which are in line with our training programmes offerings. An intensive recruitment campaign will be focused on these target specific schools in order to increase intake of our programmes for all centres.

Training proposal will be forwarded to both private and public institutions, without waiting for their advertisements on calls for training proposals or tenders. The mining industries will also be targeted to encourage them to include training of their community members on skills programme as part of their social responsibility campaigns.

Changes to planned targets

No performance indicator or targets was changed during the period under review.

SUB-PROGRAMME: ADMINISTRATION

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

The key priorities of the Administration Sub-programme are to ensure the smooth running of the Supply Chain Management; Provision of administrative support to the entire organization and to ensure that compliance with applicable laws and regulations is maintained throughout the financial year.

During the year under review the Administration Sub-programme focused on the following strategic targets:

- Monitored compliance to the Supply Chain Management policy and procedures;
- Implement the Records File Plan;
- Implement the Asset Management Strategy; and
- Implement the approved ICT Strategy.

The Administration Sub-programme has registered the following achievement during the 2013/14 financial year:

- Monitored compliance on the Supply Chain Management Policy and Procedures;
- Implemented the approved File Plan;
- Implemented the approved ICT Strategy; and
- Implemented the approved Stores Control Standard Operating Procedure.

SUB-PROGRAMME: ADMINISTRATION DIVISION					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 321: Monitor the implementation of the Supply Chain Management Policy.	The monitoring compliance based on Supply Chain Management Policy thresholds was achieved as planned.	Monitor implementation of the Supply Chain Management Policy.	Monitored implementation of the Supply Chain Management Policy.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 322: Implemented the approved Records File Plan.	The Records File Plan was developed but was not approved and implemented as planned.	Implement the approved Records File Plan.	Implemented the approved Records File Plan.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 323: Implement the Asset Management Strategy.	The Asset Management Strategy was approved and implemented as planned.	Implement the approved Asset Management Strategy.	Asset Management Strategy implemented, 4 buildings and 9 machines were maintained.	3 machines not maintained	The maintenance of machines was put on hold pending the finalisation of construction of workshops
PPI 324: Implement the approved ICT strategy.	The ICT Strategy was developed and approved by EXCO and the Board.	Implement the approved ICT strategy.	Implemented the approved ICT strategy.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 325: Implement the approved Stores Control Standard Operating Procedure (SOP).	The SOP on Asset Management Policy was approved and implemented as planned.	Implement the approved Stores Control Standard Operating Procedure (SOP).	Implemented the approved Stores Control Standard Operating Procedures.	No deviation as the target was achieved.	No deviation as the target was achieved.

Strategy to overcome areas of under-performance

The three (3) outstanding machines will be maintained during the first quarter of 2014/15 financial year.

Changes to planned targets

No performance indicator or target was changed during the period under review.

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT

Business Focus: The Human Resources Sub-programme shall, as far as possible provide the Company with the highest caliber of employees who can contribute effectively to the objectives of the Company.

The key priorities of the Human Resource Management (HRM) Sub-programme were to ensure proper management of Human Resource, Compliance to statutory laws that govern Human Capital and Support for the entire public entity.

For the 2013/14 the Sub-programme achieved the following main strategic targets:

- 35% of vacant positions in accordance with stipulated timeframe as per recruitment and selection policy were filled;
- 12 Payroll reports have been generated as planned;
- Approval of the entity structure for implementation during 2014/15 financial year; and
- Implemented the Performance Management System.
- Payroll, 1 Annual Skills Development and 1 Annual Employment Equity reports have been generated. Ensured that employees have Individual Development Plans and progress has been monitored quarterly.
- The Employee Retention Policy has been drafted and approved by the board of directors for implementation.

SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 326: Number of vacant positions filled & attracts, develop and retain talent.	The division managed to fill 60% of vacant position in accordance with stipulated timeframe as per recruitment and selection policy.	80% of vacant positions filled in accordance with stipulated timeframes.	35% of vacant positions were filled in accordance with stipulated timeframes.	45%	The filling of posts was put on hold pending the finalisation of job evaluation and grading.
	-	Facilitate the finalisation of the structure, grade and evaluate all new positions.	Facilitated the finalisation, grading and evaluation of the all positions on the structure.	No deviation as the target was achieved.	No deviation as the target was achieved.
	-	Design a competency framework and roll out training.	Designed competency framework document and rolled out training.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 327: Implement the approved Performance Management System (PMS) and Individual Plans (IDPs).	The Performance Management System was not implemented as planned.	Facilitate the implementation of Performance Management System (PMS).	The Performance Management System is under implementation.	No deviation as the target was achieved.	No deviation as the target was achieved.
	New indicator.	Ensure that employees have individual development plans (IDPs) and monitored progress quarterly.	Ensured that employees have Individual Development Plans and progress has been monitored quarterly.	No deviation as the target was achieved.	No deviation as the target was achieved.

SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT (CONTINUED)					
Programme Performance Indicators	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
PPI 328: Review and update HR policy and procedures, including Skills Development Plan, Employment Equity Plan and Employee Wellness Plan.	The HR Policy and procedures has not been implemented as planned.	Facilitate and monitor the implementation of the HR policy and procedures.	Facilitated and monitored the implementation of the HR policy and procedures.	No deviation as the target was achieved.	No deviation as the target was achieved.
		Update and implement the Skills Development Plan.	The Skills Development Plan has been updated and implemented.	No deviation as the target was achieved.	No deviation as the target was achieved.
		Update and Implement the Employment Equity Plan.	Employment Equity Plan has been Updated and implemented.	No deviation as the target was achieved.	No deviation as the target was achieved.
		Three (3) Employee Wellness Plan to be conducted.	3 Employee Wellness Plan activities have been conducted.	No deviation as the target was achieved.	No deviation as the target was achieved.
		Draft an Employee Retention Policy and obtain approval for its implementation.	Employee Retention Policy has been drafted and approved by the board of directors for implementation.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 329: Payroll, Annual Skills Development and Employment Equity reports generated.	12 Payroll reports have been generated as planned.	12 Payroll, 1 Annual Skills Development and 1 Employment Equity reports to be generated.	12 Payroll, 1 Annual Skills Development and 1 Annual Employment Equity reports have been generated.	No deviation as the target was achieved.	No deviation as the target was achieved.

Strategy to overcome areas of under-performance

The public entity will advertise and fill the posts in the next financial year, prioritising most critical ones

Changes to planned targets

No performance indicator or target was changed during the period under review.

SUB-PROGRAMME: CORPORATE SECRETARIAT

Business Focus: To provide a professional service to the Company and the Board of Directors in accordance to all relevant legislation and within the guidelines of the Policies and Procedures of the Company.

The Sub-programme planned to execute the following mandate during the year under review:




- To facilitate 12 Senior Management Committee Meetings, 4 Quarterly Audit Committee meetings; 4 Quarterly Board Meetings; and
- 100% adherence to all policies and procedures of the Company and Legislation.

During the year under review the Sub-programme managed to accomplish the following activities:

- Four (4) Quarterly Board meetings were held as scheduled;
- Four (4) Audit Committee meetings were held as scheduled;
- Twelve (12) monthly Senior Management Committee meetings were held as scheduled.
- Compliance with legislation was at 100%; and
- Legal services to the Board of Directors, its committees and EXCO was attained as planned.

SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 330: Advise the Board of Directors and the Senior Management Committee on Company policies and applicable legislation.	The Division managed to assist the company to adhere to 100% to all policies and procedures of the Company and Legislation.	Advise the Board of Directors and the Senior Management Committee on Company policies and applicable Legislation.	Advised the Board of Directors and Senior Management Committee on Company policies and applicable Legislation.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 331: Number of SMCO; Audit Committee; Quarterly Board; Legal Matters; meetings to be facilitated.	The Division facilitated 12 EXCO meetings. The Division facilitated 4 quarterly Audit Committee meetings. The Division facilitated 4 quarterly Board meetings.	Facilitate the SMCO; Quarterly Audit Committee and Quarterly Board Committee meetings.	Facilitated monthly and quarterly SMCO, quarterly audit Committees and quarterly Board Meetings.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 332: Attend Legal matters brought to the Corporate Secretariat office.	All legal matters were attended to within five (5) working days as planned.	To attend to all Legal Matters within five (5) days.	All legal matters were attended to within five days.	No deviation as the target was achieved.	No deviation as the target was achieved.

Strategy to overcome areas of under-performance

No strategy as the targets were achieved.

Changes to planned targets

No performance indicator or target was changed during the period under review.

SUB-PROGRAMME: PERFORMANCE INFORMATION DIVISION

Business Focus: To provide quality information, manage performance information plan, set systems in place to manage information for performance audit of the Company as whole.

The core mandate of the Performance Information Sub-programme is to compile, manage and prepare the plans and reports linked to the MTEF cycle.

The Sub-programme planned to execute its mandate by executing the following tasks:

- Compiling the Quarterly Reports for OTP, Treasury and Department of Education;
- Develop 1 Annual Performance Plan (APP) for the Entity;
- Conduct 1 Strategic Planning Workshops for 2013/14 Financial Year.

During the 2013/14 financial year the Sub-programme achieved the following targets:

- It compiled quarterly specific reports required by the Executive Authority; 6 months, 9 months and 12 months reports were also compiled.
- It successfully compiled the Annual Report 2012/13 which was submitted to the Executive Authority;
- It developed the Annual Performance Plan (APP) for 2013/14;
- One Strategic Planning workshop was held wherein priorities for the current year were aligned to the 5-Year Plan; and
- Quarterly review sessions were conducted with managers, wherein the reliability and accuracy of the data was ensured.

SUB-PROGRAMME: PERFORMANCE INFORMATION					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 333: Number of quality reports compiled.	The division prepared the Annual Report for 2011/12, 12 Months report and the 4th Quarter report for the financial year 2011/12 which was submitted to the Executive Authority. The division compiled the 1st, 2nd and 3rd Quarter Specific Report and 6 (mid-term) and 9 month reports and was submitted to OTP, Treasury and Department of Education.	Quarterly Reports compiled for OTP, Treasury and Department of Education.	The entity prepared the Annual and the 4th Quarter Reports for the 2012/13 financial year which were submitted to OTP, Treasury and DOE. The entity compiled the 2013/14 1st, 2nd and 3rd Quarter Reports and were submitted to OTP, Treasury and Department of Education.	No deviation as the target was achieved.	No deviation as the target was achieved.




SUB-PROGRAMME: PERFORMANCE INFORMATION (CONTINUED)					
Programme Performance Indicators	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from Planned Target to Actual Achievement for 2013/2014**	**Comment on Deviations**
PPI 334: Number of plans compiled and planning sessions held.	The division finalized the APP 2012/13 and circulated the printed APP to the relevant stakeholders (Legislator and DoE).The inputs collated for the APP was circulated to all relevant stakeholders for inputs. The division compiled the draft Annual Performance Plan 2013/14.	1 Annual Performance Plan (APP) developed.	1 Annual Performance Plan for 2013/14 was developed and tabled.	No deviation as the target was achieved.	No deviation as the target was achieved.
	The division solicited the venue, dates of the strategic planning session which was held during the beginning of 2nd quarter 2012. The Strategic Planning workshop was conducted from the 11th to 12th July 2012 at HTA. Managers updating the draft APP. Key priorities were captured in the draft APP 2013/14.	1 Strategic Planning Workshop for 2013/14 Financial Year conducted.	The strategic planning workshop or session was conducted from 12 – 13 August 2013.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 335: Number of Review sessions conducted.	The division conducted the 4th Quarter 2011/12 and 1st, 2nd and 3rd 2012/13 Quarterly review sessions with the responsible managers, with the CEO chairing to ensure data validity, accuracy and completeness.	Quarterly review sessions conducted.	The 1st, 2nd, 3rd and 4th Quarterly review sessions were conducted to ensure data validity, accuracy and completeness.	No deviation as the target was achieved.	No deviation as the target was achieved.
PPI 336: Number of Physical verifications conducted.	Physical verification were performed for the following divisions: • Marketing • CRDP • Mobile • Training Centre • Quality Assurance • Administration	Physical Verification conducted.	Physical verification for the 1st, 2nd, 3rd and 4th quarter were conducted	No deviation as the target was achieved.	No deviation as the target was achieved.

Strategy to overcome areas of under-performance

No strategy as the targets were achieved

Changes to planned targets

No performance indicator or target was changed during the period under review.

Linking performance with budgets

Sub-programme	2013/2014			2012/2013		
	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under -expenditure R'000
Quality Assurance	2 401	3 798	(1 397)	2 401	1 848	554
Finance	5 907	7 447	(1 540)	6 654	8 347	(1 693)
Marketing	4 673	3 109	1 564	4 674	3 983	691
Administration	9 117	11 161	(2 044)	9 117	8 248	869
Human Resources Management	3 643	4 682	(1 039)	3 644	4 246	(602)
Corporate Secretariat	-	-	-	4 553	3 794	759
Performance Information	-	-	-	1 951	1 626	325
Total	25 741	30 197	(4 456)	32 994	32 092	903




4. REVENUE COLLECTION

Sources of Revenue	2013/2014			2012/2013		
	Budget R'000	Actual Amount Collected R'000	(Over)/Under -collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under -collection R'000
Exchange Transactions	4 124	18 813	14 407	104 594	99 672	4 922
Non-exchange Transactions	98 813	99 139	325	23 339	14 637	8 702
Total	102 938	117 952	14 732	127 934	114 337	13 596

4.1. Capital investment

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

  The entity had made a resolution to renovate the Kabokweni Training Centre because it had been dormant for some time and there is a huge demand from the surrounding communities for skills training. The centre was renovated and has since been accredited by CETA.

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

  There were no infrastructure projects that were completed during the period under review.

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

  The MRTT is currently building RDP houses in the Mkhondo local municipality and the expected completion date is 31 July 2014. Furthermore, the MRTT is running a project to build 80 school toilets in the Bushbuckridge area.

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

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

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

  Renovations are in progress at the Kabokweni Training Centre and stores are being built at the eMalahleni Training Centre.

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

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

  There were few laptops that were stolen during the period under review, amounting to an aggregate of R5 279.12.

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

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

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

Condition	Number of Assets	Percentage
Good	693	13.16%
Normal	4 283	81.32%
Fair	194	3.68%
Scrap	97	1.84%
Total	**5 267**	**100%**

- **Major maintenance projects undertaken during the period under review.**

  The construction of the eMalahleni Training Centre store room and the Kabokweni Training Centre.

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

  The backlog was greatly reduced in that the planned maintenance was done, i.e. building and renovation of both the eMalahleni and Kabokweni Training Centres.

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, 2008 (Act No. 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and run in tandem with the principles contained in the King 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 meetings	Purpose
25 October 2013	Discussion of the 2012/13 Annual Report
5 September 2013	Discussion of the 2013/14 1st Quarter Report
7 May 2013	Discussion of the 2013/14 Annual Performance Plan

Areas of risk and action taken

Areas of risk	Action taken
During the financial year under review, the MRTT Annual Report did not adhere to the specifications of the National Treasury Guide.	The entity has ensured alignment to the guideline during the preparation of the 2013/14 Annual Report. We resolved to use the Public Entity-specific Annual Report Guide of the National Treasury, instead of the department-specific guide, as was the case previously, so as to ensure full compliance with the guidelines.
The entity did not achieve some of the planned targets for the period under review.	The entity has developed a strategy that ensures that the actual targets are achieved as planned by introducing financial assistance programme to the learners. The entity's performance is monitored continuously to mitigate none achievement of target by Senior Management Committee, Audit Committee and Board. In addition the entity has since introduced as system of monthly reporting in order to ensure that challenges and hindrances towards achievement of set targets are picked up earlier and mitigations are put in place to unblock stoppage. The entity has embarked on aggressive marketing drive through road shows in the three Districts of the Province (Ehlanzeni, Gert Sibande and Nkangala District) to recruit leaners. This has happened in shopping malls and taxi ranks
There were many learners who absconded and dropped out of the entity during the 2012/13 financial year.	Through induction MRTT is embarking on a continuous counselling and learner support programmes to encourage learners to complete their training courses. Further more regular visits are undertaken to encourage learners in completing their programmes and indicating the impact it will have on their personal future. During recruitment, career guidance is provided to students to ensure that they understand the impact and nature of careers they are taking. A Learner Support Policy has been developed to encourage and support leaner's in completing their training.
The entity did not complete the renovations at the Kabokweni Training College.	The entity adopted an accelerated plan for completion of renovations at the Kabokweni Training College. Renovations at the college have since been completed and, subsequently, accreditation for the centre to function as a skills development centre was granted by CETA.

Areas of risk and action taken (continued)

Areas of risk	Action taken
MRTT did not place learners for on-the-job training.	MRTT has started the process of the development of the placement strategy for on job training and has established a good relationship with private employers and municipalities for on job training. Letters have already been sent to various municipalities in the Mpumalanga Province for assisting with the placement of learners in their various projects within the municipalities. Some municipalities have already responded and Memorandum of Understanding will be signed with the municipalities and private companies. To date the entity has signed 30 service level agreements with employers for the placement of learners
Under-performance is located in Programme 2: Technical Training Division.	In improving performance of programme 2, the entity has implemented financial assistance programme for learners in construction related trades for provision of skills programme namely: • Plumbing • Carpentry • Brick Laying • Painting • Plastering and Tiling • Electrical Kabokweni Training Centre has been evaluated for compliance by Construction Education and Training Authority (CETA) and accredited to offer construction related trades. This will assist the entity to meet most of the targets that were not previously achieved.
MRTT must fill all the vacant funded posts in the current financial year 2013/14.	The entity has, during the 2013/14 financial year, managed to fill 4 positions of the 11 vacant positions in the old organisational structure. The filling of posts was put on hold pending the finalisation of job evaluation and grading which was last done in 2004. The new organisational structure has 129 positions, 107 of which are filled (including 14 positions that were filled post the approval of the structure) and 22 are vacant. The entity is currently standing at vacancy rate of 17% which the entity intends to fill by the end of 2014/15 financial year.
The Department must fast-track the process of appointing new MRTT board members.	The advertisements for the nomination and appointments of the new Board of Directors were placed in the newspapers with a closing date of the 20th June 2014. The applications were received by the department of Education which is currently in the process of selection
The entity must form partnerships with accredited industries so that students that are being trained and those completed can be easily absorbed by these big companies.	The entity has entered into service level agreements with 30 companies comprising of both public and private companies for the placement of learners.




3. Executive Authority

Reports were submitted to the Executive Authority during the period under review as detailed in the table below.

The Executive Authority raised no issues during the period under review with regard to the above submitted results.

Reports submitted to the Executive Authority

Name of Report	Submission Date
4th Quarter (2012/2013)	12 April 2013
1st Quarter (2013/2014)	10 July 2013
2nd Quarter (2013/2014)	14 October 2013
3rd Quarter (2013/2014)	20 January 2014
Annual Report 2012/2013	2 September 2013

4. The Accounting Authority / Board

Introduction

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

The role of the Board is as follows:

In accordance with the Memorandum of Incorporation; the Articles of Association and the Principles of Corporate Governance, the specific responsibilities discharged by the Board collectively, include the following:

- 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.
- Defining the levels of materiality.
- Written delegation of specific powers to the Chief Executive Officer and Management, and reserving specific powers to the Board.
- Monitoring of the delegated powers to Management.
- Ensuring that efficient systems of policies and procedures are in place and appropriate governance structures exist to ensure the efficient and effective running of the entity.
- Ensuring compliance with applicable laws and regulations, audit and accounting principles, MRTT 's Code of Conduct, the King III Report and such other principles that may be established by the Board from time to time.
- Regularly reviewing and evaluating the risks to the business of MRTT and ensuring the existence of comprehensive and appropriate internal controls to mitigate such risks.
- Exercising objective 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.

Board Charter

The Board of Directors has a Board Charter, as recommended by the King III Report.

The following progress was made in ensuring compliance with, and conformity to the principles of the King III Report, while in the process of adopting a Board Charter:

- 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

Composition of the Board

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended
Mrs FD Mthembu	Chairperson	26/6/2002	Not applicable	Primary School Teacher' s Diploma	Labour Relations	None	None	11
Ms ME Letsoalo	Board member	26/6/2002	Not applicable	Senior Teacher's Diploma Financial Management Project Management Local and global competitiveness Assessor and Moderator Bank Credit Risk Assessment	Training Facilitation and Moderation	None	Audit Committee Risk Committee	11
Mr J Sibiya	Board member	26/6/2002	Not applicable	Grade 12	Marketing	None	Marketing Committee	8
Mrs SN Motloung	Board member	1/8/2005	15 October 2013	Senior Teacher's Diploma B.A Degree B.A. (hons) Degree Diploma in Educational Counseling Certificate in Human Resource Management (Distinction) Certificate in Project Management Post Graduate Diploma in Public Management	Finance		Audit Committee Risk Committee	1
Mr ND Moropane	Board member and CEO	1/4/1999	Not applicable	Teacher's Certificate Industrial Relations Effective Labour Management Practical Marketing Management Small Business Management Consultants Course International Relations Management Capital Needs Analysis Master's in Business Administration	Executive Director	None	CEO	6




Chairperson of the Board and the Chief Executive Officer.

- The Company Secretary's Office was aligned with the New Companies Act of 2008 to allow the situation whereby it works closely with the Chairperson of the Board and the CEO.
- The Board satisfied all the reporting and accountability requirements to the MEC of the Mpumalanga Department of Education, the Provincial Legislature, the Provincial Treasury and the Auditor-General's Office, as set out in the company's founding documents and the PFMA.
- With regard to the composition of the Board, the Board 's composition is according to the terms set out in the Articles of Association, though there has been a vacancy of three non-executive Board members since October 2013.
- 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 PFMA, as well as the Articles of Association, and also convened additional special meetings to address issues of importance to the entity.
- The Board members adhere to the declaration of interests on an annual basis and, at each meeting, Board members are required to declare conflict of Interest, if any.
- The Board established governance structures to facilitate efficient decision-making. It aligned the structures according to its mandate and Treasury prescripts.

Committees

Committee	No. of meetings held	No. of members	Names of members
Senior Management Committee	12	10	Mr ND Moropane (Chairperson) Mr MG Jafta Mr SM Makgoba Mr R Oosthuizen Mr D Kola Mr E Zwane Mr B Hlatshwayo Ms T Mtshali Mr MM Ramphele Ms T Mthethwa
Audit Committee	8	5	Mr JK Sithole (Chairperson) Mr ABC Ahmed Mr CB Mnisi Ms SN Motloung Mr ND Moropane
Risk Management Committee	2	7	Mr ABC Ahmed (Chairperson) Ms SN Motloung Ms ME Letsoalo Mr ND Moropane Mr MG Jafta Mr SM Makgoba Mr R. Oosthuizen
Board of Directors	13	4	Mrs FD Mthembu (Chairperson) Ms ME Letsoalo Mr J Sibiya Mrs SN Motloung
HR and Remuneration Committee	2	4	Ms ME Letsoalo (Chairperson) Mr MG Jafta Mr E Zwane Mr ND Moropane
Marketing Committee	2	4	Mr J Sibiya (Chairperson) Ms ZL Khoza Mr MG Jafta Mr ND Moropane

Remuneration of Board members

Name	Remuneration	Other allowance	Other reimbursements	Total
Mrs ME Letsoalo	206 593.63	6000.00	144 022.73	356 616.36
Mrs FD Mthembu	472 797.18	6000.00	140 670.16	619 467.34
Mrs SN Motloung	38124.68	0	15859.45	53 984.13
Mr J Sibiya	203 489.86	6000.00	207 391.36	416 881.22

Remuneration of board members

Members of the Board are remunerated in terms of SARS and Treasury Regulations apart from Mr ND Moropane (CEO) who does not receive remuneration. The Board's remuneration is detailed in the table above.

5. Risk Management

- The entity has a Risk Management Policy and Strategy in place, which is being fully implemented.
- A risk assessment workshop was conducted on 19 August 2013, to determine the effectiveness of the entity's Risk Management Strategy and to identify new and emerging risks.
- The entity has a Risk Management Committee who advises Management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.
- The Audit Committee advises the public entity on risk management and independently monitors the effectiveness of the system of risk management.
- The implementation of risk management has progressed satisfactorily and is supported by the National Treasury.

6. Internal Control Unit

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

7. Internal Audit And Audit Committees

Key activities and objectives of Internal Audit

The following are key activities of Internal Audit:

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

Specific summary of audit work done

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

- Inventory Management Review.
- Supply Chain Management Review.
- Debtors Management Review.
- Audit of Predetermined Objectives.

Key activities and objectives of the Audit Committee

Key objectives of Internal Audit

- Obtaining an understanding of Management's process of evaluating the effectiveness of the entity's internal control.
- Performing procedures to obtain sufficient evidence about the design, effectiveness and operating effectiveness of the entity's internal controls.
- Assisting management and the Board in the effective discharging of their duties.

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.

Attendance of Audit Committee meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	Number of meetings attended
Mr JK Sithole	• B Com (UNIN) • B Compt (Honours) • CA (SA)	External	External	01/08/2005	Still serving	8
Mr ABC Ahmed	• B Com (Info Systems) • B Compt (Honours) • CA (SA)	External	External	01/08/2005	Still serving	7
Mr CB Mnisi	• B. Tech – IA • Dip in IA • BA • Dip in Public Admin	External	External	01/06/2013	Still serving	1
Mrs SN Motloung	• Senior Teacher's Diploma • B.A Degree • B.A. (hons) Degree • Diploma in Educational Counseling • Certificate in Human Resource Management (Distinction) • Certificate in Project Management • Post Graduate Diploma in Public Management	External	External	01/08/2005	15/10/2013	1
Mr ND Moropane	• Teacher's Certificate • Industrial Relations • Labour Management • Marketing Management • Business Management • International Relations Management • Master's in Business Administration	Internal	CEO	01/02/2005	Still serving	6

8. Compliance With Laws And Regulations

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

9. Fraud and Corruption

The entity has a fraud prevention plan that was adopted and approved and addresses the three key risk management principles of Prevention, Detection and Reaction. The plan is of strategic nature, empowering the Mpumalanga Regional Training Trust to address and manage fraud risks.

The purpose of the plan is to provide a framework for the organisation to:

- Address and manage current risks.
- Identify and manage future risks.
- Identify fraud and corruption in its early stages.
- React swiftly and decisively to any dishonest activity.
- Ensure that there is maximum deterrence of fraud.

The four pillars to a fraud prevention strategy are to:

- Create an anti-fraud environment.
- Understand and manage the risk.
- Be proactive in its defence.
- React swiftly to a known crime.

There are various ways in which officials and members of the public report suspected fraud and corruption activities, for example, Presidential hotline, Provincial hotline, anonymous phone calls, letters etc.

Every employee has the responsibility to report alleged fraud, regardless of rank or occupation. One can do that in many ways and always has the option to maintain anonymity.

Once a crime of has been uncovered, remedial actions, that are acceptable to management, trade unions and employees are carried out in a structured and transparent manner (considering chapter 33 of Treasury Regulations).

10. Minimising Conflict of Interest

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

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

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

11. Code Of Conduct

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

When the Code of Conduct has been breached, the employee alleged to have breached the Code of Conduct 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 is taken in terms of the MRTT Disciplinary Code and Procedures.

12. Health, Safety and Environmental Issues

The MRTT Health and Safety Policy aims to eliminate incidents, minimise risks, responsibly manage health and safety issues and enable excellence in operations and business performance, while providing a workplace that takes into account the safety and wellbeing of staff members and ser-




vice providers. MRTT conducts its business with respect and care for both people and the environment.

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

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

14. Social Responsibility

- Mpumalanga Regional Training Trust assisted with the building of an orphanage house for Msimang family in Matsulu (Nelspruit).
- Building of guard house and renovations at Lundada Primary School in Hazyview.
- Tiling and plastering the administration block at Mbambiso Secondary School in Boschfontein.
- Painting of Osizweni Special School in Leandra Painting, Tilling, Plumbing, Electrical repairs; and
- Carpentry at Vikelwa Special School at Ogies.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014. MRTT has an audit committee that operates in terms of the Board's approved Audit Committee Charter.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(i) (iv) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference as its Audit Committee Charter that it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained there in.

The effectiveness of internal control

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

Our review of the findings of the internal audit work, which was based on the risk assessments conducted with regard to the public entity, revealed certain weaknesses, which have been raised with the public entity.

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

- Strategic Risk Assessment.
- Operational Risk Assessment.
- Payroll Management.
- Debtors Management.
- Budget Management.
- Supply Chain Management.
- Audit of Predetermined Objectives.
- Asset Management.

The following were areas of concern:

The internal control weaknesses identified and reported by both the internal auditors and the external auditors were adequately addressed by Management except that there are items that were repeat findings.

Risk Management

The Audit Committee has an oversight responsibility over MRTT's risk management processes. In the year under review, the committee monitored the implementation of Risk Management and reviewed progress quarterly.

Review and assessments of commission strategic risk will continue to be done on a quarterly basis by the Audit Committee.

The Quality of Management and Monthly/Quarterly Reports submitted in terms of the PFMA.

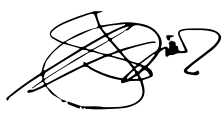
The Audit Committee is satisfied with the content and quality of Monthly and Quarterly Reports prepared and issued by the management of MRTT during the year under review. The following internal audit work was completed during the period under review:

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with both the Auditor-General and Management.
- Reviewed the Auditor-General's Management Report and Management's response to it.
- Reviewed significant adjustments resulting from the audit.
- Reviewed action plans pertaining to findings by the Auditor-General.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the Report of the Auditor-General.



Mr JK Sithole
Chairperson of the Audit Committee
Mpumalanga Regional Training Trust
30 May 2014

PART D

HUMAN RESOURCE MANAGEMENT

1. Introduction

Overview of HR matters at the public entity

The Human Resources Sub-Programme is responsible for the strategic management of overall human resources planning and the provisioning of logistical services, in order to ensure effective and efficient human resources administration in Mpumalanga Regional Training MRTT.

Set HR priorities for the period under review and the impact of these priorities

- 35% of vacant positions were filled in accordance with stipulated time-frames.
- Designed a competency framework and training was rolled out.
- Facilitated the effective implementation of the Performance Management System.
- The entity implemented comprehensive policies and programmes pertaining to all personnel matters.
- The Employment Equity Plans was updated.
- The Skills Development Plan was updated.
- Twelve payroll reports and one Annual Employment Equity Report were generated.

Highlight achievements

- The Employee Code of Ethics was developed and approved for implementation.
- The Employee Retention Policy was developed and approved for implementation.
- The Human Resources Strategic Plan was developed and approved for implementation.
- The Health and Safety Policy was reviewed.
- A remuneration benchmarking exercise was completed and the results were approved for implementation.
- The Performance Management System was successfully implemented.
- Employees were trained in line with their Personal Development Plans, the Workplace Skills Plan and the competency framework.
- The Annual Training Report was submitted and Skills Grand received by the entity under year in review.
- The entity promoted and maintained sound employee relations.
- A new HR software programme was installed to ensure the effective and efficient management and administration of the entity's human resources.

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

The Employee Retention Policy was developed in order to attract and recruit a skilled and capable workforce during the period under review.

Employee Performance Management Framework

The Performance Management System was implemented during the period under review.

Employee Wellness Programmes

Three employee wellness programmes were implemented.

Policy development

- The Employee Retention Policy was developed and approved for implementation.
- The Health and Safety Policy was developed and approved for implementation.
- The Payroll Policy was developed and approved for implementation.

Challenges faced by the public entity

The entity could not recruit women and people with disabilities as artisan practitioners in the areas of boiler-making, welding, automotive repair maintenance and automotive spray painting. There were no suitable candidates from the targeted groups.

Future HR plans /goals

- Ensuring that HR works and functions add measurable value and deliver business results.
- Develop HR programmes, strategies, systems and processes that are linked with MRTT's strategic objectives.
- Translating MRTT strategy into a human resources strategy, balance the score card and people's management plans.
- Linking the organisational structure with the MRTT's mandate.
- Upgrading employees' skills to improve work performance and accelerate service delivery.
- Developing a sound employee relations strategy.
- Continue with the implementation of institutional transformation and the Change Management Strategy.




2. Human Resources 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 Academy	16 816	10 244	8%	53	193
2. Technical Training Operations	53 576	31 130	25%	328	95
3. Corporate Services	52 869	18 832	15%	50	377
TOTAL	123 261	60 206	49%	431	665

*The number of permanent employees is 34 and fixed term employees is 19. After the financial year end some of these fixed term employees have subsequently been appointed permanently.

**The number of permanent employees is 20 and fixed term employees is 308. The fixed term employees are for projects that MRTT would have been awarded by the Provincial Government for a fixed period. Some fixed term employees would have been hired for 1, 2 or 3 months and not the full 12 months.

***The number of permanent employees is 41 and fixed term employees is 9 After the financial year end some of these fixed term employees have been subsequently been hired on a permanent basis .

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	2,616,746.00	4%	1	2,616,746.00
Senior Management	2,816,842.00	5%	3	938,947.33
Professionally Qualified	17,949,600.00	30%	30	598,320.00
Skilled	31,555,747.00	52%	212	148,847.86
Semi-skilled	834,240.00	1%	134	6,225.67
Unskilled	4,432,960.00	7%	51	86,920.78
TOTAL	60,206,135.00	100%	431.00	139,689.41

Performance rewards

Programme	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	1	110	4%
Senior Management	3	99	3%
Professionally Qualified	25	400	3%
Skilled	45	523	4%
Semi-skilled	1	4	4%
Unskilled	20	80	4%
TOTAL	95	1 216	3%

Training costs

Directorate/ Business Unit	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 Academy	9 849	47	0.5%	36	R1 322
Technical Training Operations	11 773	114	1%	20	R5 700
Corporate Services	14 058	262	2%	39	R6 710
TOTAL	35 680	423	1.2%	95	R4 456

Employment and vacancies

Employment and vacancies by programme

Programme	2012/2013 No. of employees	2013/2014 Approved posts	2013/2014 No. of employees	2013/2014 Vacancies	% of vacancies
Hospitality and Tourism Academy	34	37	34	3	8%
Technical Training Operations	21	25	20	5	20%
Corporate Services	44	52	41	11	21%
TOTAL	99	114	95	19	16%

Employment and vacancies by salary band

Salary band	2012/2013 No. of employees	2013/2014 Approved posts	2013/2014 No. of employees	2013/2014 Vacancies	% of vacancies
Top Management	1	1	1	0	0%
Senior Management	3	3	3	0	0%
Professionally Qualified	23	27	25	2	7%
Skilled	52	58	45	13	22%
Semi-skilled	1	1	1	0	0%
Unskilled	19	24	20	4	17%
TOTAL	99	114	95	19	19%

The organisational structure was under review; the job evaluation and grading and the remuneration benchmarking exercise were in progress and, as a result, the filling of senior management and highly skilled supervisory positions was on hold. Positions were vacant for a period of less than six months while awaiting finalisation of the above processes and the allocation of the required budget to fill the vacancies. Measures were taken to attract and retain staff by developing an employee retention policy and by benchmarking MRTT's compensation strategies and systems to align them with current compensation in the marketplace, in order to attract and retain employees with valuable and scarce skills.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professionally Qualified	4	4	4	4
Skilled	0	0	2	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	4	4	6	4

Reasons for staff leaving

Reason	Number	% of total No. of staff leaving
Death	1	1%
Resignation	4	4%
Dismissal	1	1%
Retirement	0	-
Ill health	0	-
Expiry of contract	0	-
Other	0	-
TOTAL	6	6%

Employees leave the organisation for career advancement and the entity's records indicate that they leave the organisation to take up senior positions in the public or private sector. After attempts to retain the staff members have failed, the recruitment and selection process was activated.

Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	2
Written Warning	2
Final Written Warning	1
Dismissal	1
TOTAL	6

Employment equity

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	0	0	1	0	1	1	0
Professionally Qualified	19	0	0	2	0	2	3	0
Skilled	25	0	0	3	0	3	0	3
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
TOTAL	53	0	0	6	0	5	4	3

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	2	0	0	1	0	1	0	1
Professionally Qualified	4	0	0	1	0	1	1	2
Skilled	20	0	0	2	0	2	1	2
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	15	0	0	0	0	0	0	0
TOTAL	39	0	0	4	0	2	2	5

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	1	0	1
Senior Management	0	1	0	1
Professionally Qualified	0	2	0	3
Skilled	0	2	0	2
Semi-skilled	0	2	0	2
Unskilled	0	1	0	2
TOTAL	0	9	0	11

PART E
FINANCIAL INFORMATION

MPUMULANGA REGIONAL TRAINING TRUST
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

DIRECTOR'S RESPONSIBILITIES AND APPROVAL

The accounting authority is required by the, 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 accounting authority to ensure that the annual financial statements fairly present the state of affairs of the as at the end of the financial year and the results of its operations and cashflow s for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

The accounting authority is 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 loss.

The accounting authority has reviewed the 's cashflow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the 's annual financial statements. The annual financial statements have been examined by the's external auditors and their report is presented on page 69.

The annual financial statements set out on pages 72 to 101, which have been prepared on the going concern basis, were approved by the on May 28 2014 and were signed on its behalf by:

ND Moropane
Chief Executive Officer
30 May 2014

FD Mthembu
Chairperson of the Board




REPORT OF THE AUDITOR-GENERAL

Report on the financial statements

Introduction

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 72 to 101, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cashflow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2014 and its financial performance and cashflow s for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Companies Act.

Emphasis of matter

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

Material impairments

8. As disclosed in note 3 to the financial statements, material impairments of R2,8 million were incurred as a result of the provision for doubtful debt.

Additional matter

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

Other reports required by the Companies Act

10. As part of my audit of the financial statements for the year ended 31 March 2014, I have read

the directors' report, the audit committee's report and the company secretary's certificate to identify whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

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

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2014:
    - Programme 2: technical training operations, on pages 28 to 34
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matter

17. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matter:

Achievement of planned targets

18. Refer to the annual performance report on pages XX to XX and XX to XX for information on the achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Mbombela
31 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence




REPORT OF THE ACCOUNTING AUTHORITY

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 and do not in our opinion require any further comment.

Deficit 2014: R5,308, 003

Surplus 2013: R26,403,469

2. Post balance sheet events

There were no significant subsequent events to year end and the directors are not aware of any 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. Accounting Authority members

- Mrs FD Mthembu - Chairperson
- Mr ND Moropane - Chief Executive Officer
- Mrs ME Letsoalo - Member
- Mrs SN Motloung - Member - Resigned - 15 October 2013
- Mr MJ Sibiya - Member

5. Secretary

The secretary of the company during the year was Ms T Mthethwa.

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

Further details are in note 23 and 30 of the Annual Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Note(s)	2014 R	2013 R
Assets			
Current Assets			
Inventories	2	399,190	437,191
Receivables from exchange transactions	3	4,875,989	7,131,739
Receivables from non-exchange transactions	16	1,139,800	-
Inter Company account - Royal Hotel	24	2,906,723	757,302
Cash and cash equivalents	4	31,928,328	35,473,961
		41,250,030	**43,800,193**
Non-Current Assets			
Property, plant and equipment	5	37,014,672	36,161,704
Intangible assets	6	254,603	92,058
Investments in Subsisdiary	24	100	100
		37,269,375	**36,253,862**
Total Assets		**78,519,405**	**80,054,055**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	6,144,738	3,354,760
Provision for employee benefits	8	3,534,782	2,551,407
		9,679,520	**5,906,167**
Total Liabilities		**9,679,520**	**5,906,167**
		68,839,885	**74,147,888**
Reserves		17,292,598	17,292,598
Accumulated surplus		51,547,287	56,855,290
Total Net Assets		**68,839,885**	**74,147,888**




STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Note(s)	2014 R	2013 R
Revenue			
Revenue from exchange transactions			
Revenue from Exchange transactions	9	18,794,586	14,637,193
Other revenue	10	18,593	28,736
Total revenue from exchange transactions		**18,813,179**	**14,665,929**
Revenue from non-exchange transactions			
Transfer revenue			
Revenue from non-exchange transactions	11	99,139,800	99,672,000
Total revenue		**117,952,979**	**114,337,929**
Expenditure			
Personnel	12	(60,206,135)	(42,550,474)
Administrative	13	(7,015,278)	(5,540,110)
Depreciation and amortisation	5	(2,705,803)	(2,921,237)
Finance costs	14	(2,002)	(35,221)
Debt impairment	3	(1,110,721)	143,258
Other operating Expenses	15	(52,221,044)	(37,030,676)
Total expenditure		**(123,260,983)**	**(87,934,460)**
Operating (loss) profit		**(5,308,004)**	**26,403,469**
(Loss) profit for the year		**(5,308,004)**	**26,403,469**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

	Other NDR R	Accumulated surplus R	Total net assets R
Balance at 01 April 2012 as restated	**24,038,938**	**28,489,644**	**52,528,582**
Changes in net assets			
Write off of Land and Buildings	(6,746,340)	1,962,178	(4,784,162)
Net income (losses) recognised directly in net assets	(6,746,340)	1,962,178	(4,784,162)
Surplus for the year	-	26,403,468	26,403,468
Total recognised income and expenses for the year	(6,746,340)	28,365,646	21,619,306
Total changes	(6,746,340)	28,365,646	21,619,306
Balance at 01 April 2013	**17,292,598**	**56,855,291**	**74,147,889**
Changes in net assets			
Deficit for the year	-	(5,308,004)	(5,308,004)
Total changes	-	(5,308,004)	(5,308,004)
Balance at 31 March 2014	**17,292,598**	**51,547,287**	**68,839,885**

CASH FLOW STATEMENT
for the year ended 31 March 2014

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Cash receipts from stakeholders			
Cash receipts from government entities (Transfer)		98,000,000	104,845,384
Cash receipts from own generated income		19,376,990	7,843,743
Interest received		631,198	695,435
		118,008,188	**113,384,562**
Cash paid to stakeholders			
Personnel and Suppliers		(117,817,800)	(81,505,546)
Finance costs		(2,002)	(35,221)
		(117,819,802)	(81,540,767)
Net cashflow s from operating activities	**17**	**188,386**	**31,843,795**
Cash flows from investing activities			
Purchase of fixed assets	5	(3,499,860)	(1,615,236)
Purchase of intangible assets	6	(234,159)	-
Proceeds from disposal of fixed assets		-	111,693
Net cashflow s from investing activities		**(3,734,019)**	**(1,503,543)**
Net (decrease) / increase in cash and cash equivalents		**(3,545,633)**	**30,340,252**
Cash and cash equivalents at the beginning of the year	4	35,473,961	5,098,488
Cash and cash equivalents at the end of the year		**31,928,328**	**35,473,961**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

	Approved Budget R	Adjustments R	Final Budget R	Actual Amounts on Comparable Basis R	Difference: Budget and Actual R	Note on variance
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Revenue from Exchange Transactions	4,124,952	-	4,124,952	18,707,986	14,583,034	28.1
Other revenue	-	-	-	105,193	-	28.3
Total revenue from exchange transactions	**4,124,952**	**-**	**4,124,952**	**18,813,179**	**14,583,034**	
Revenue from non-exchange transactions						
Taxation revenue						
Transfers from other Government Entities	98,813,842	-	98,813,842	99,139,800	325,958	28.2
Total revenue	**102,938,794**	**-**	**102,938,794**	**117,952,979**	**14,908,992**	
Expenditure						
Personnel	(44,500,000)	-	(44,500,000)	(60,175,093)	(15,675,093)	28.3
Goods and services	(56,230,794)	-	(56,230,794)	(59,351,871)	(3,121,077)	28.4
Capital Expenditure	(2,208,000)	-	(2,208,000)	(3,734,019)	(1,526,019)	28.5
Total expenditure	**(102,938,794)**	**-**	**-**	**(123,260,983)**	**(20,322,189)**	
Loss before taxation	**-**	**-**	**-**	**(5,308,004)**	**(5,308,004)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(5,308,004)**	**(5,308,004)**	
Reconciliation						
Basis difference						
Depreciation and amortisation	-	-	-	2,705,803	-	
Impairment of debtors	-	-	-	1,110,721	-	
Provision for leave pay	-	-	-	1,513,685	-	
Loss on disposal of assets	-	-	-	12,697	-	
Accruals	-	-	-	4,914,963	-	
Actual Amount in the Statement of Financial Performance	**-**	**-**	**-**	**4,949,865**	**-**	




ACCOUNTING POLICIES
for the year ended 31 March 2014

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

1.3 Significant judgments and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is given in the following notes:

Impairment of Debtors

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

Fair value estimates

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflow s at the current market interest rate that is available to the entity for similar financial instruments.

Allowance for slow moving, damaged and obsolete stock

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

Property, plant and equipment

Property, vehicles, plant and equipment is depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets

Intangible assets are amortised over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of non-financial assets

The Mpumalanga Regional Training Trust assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Mpumalanga Regional Training Trust estimates the recoverable amount of the asset.

Provisions and contingent assets and liabilities

A provision is a liability of uncertain timing or amount. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note for Provisions.

1.4 Going concern

These financial statements are prepared in accordance with the going concern principle. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.5 Accrual Basis of accounting

These financial statements are prepared in accordance with the accrual basis where transactions, other events and conditions are recognised when they occur and are recognised in the period to which they relate and not only recognised when cash is paid or received.




2. Standards of Generally Recognised Accounting Practice approved but not effective

STANDARD OF GRAP	EFFECTIVE DATE
GRAP 32 – Service Concession Arrangement Grantor	No Effective dates Decided Yet
GRAP 108 – Statutory receivables	No Effective dates Decided Yet
GRAP 20 – Related Party Disclosures	No Effective dates Decided Yet
GRAP 18 – Segment Reporting	No Effective dates Decided Yet
GRAP 105 – Transfer of Functions Between Entities under common Control	No Effective dates Decided Yet
GRAP 106 – Transfer of Functions Between Entities not under common Control	No Effective dates Decided Yet
GRAP 107 - Mergers	No Effective dates Decided Yet

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 reorganisation, 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.

Derecognition

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

- the right to receive cashflow s from the asset have expired;
- MRTT retains the right to receive cashflow s 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 cashflow s from the asset and either
  - i. has transferred substantially all the risks and rewards of the asset; or
  - ii. Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit for the year.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position only when MRTT has a legally enforceable right to set off recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.




Risk Management of Financial Assets and Liabilities

It is the policy MRTT to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Sufficient cash is maintained to manage MRTT's liquidity risk.

Interest Risk

Interest rate risk originates from the uncertainty about the fair value or future cashflow s 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 cashflow s estimated to settle the present obligation, its carrying amount is the present value of those cashflow s.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

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

3.4 Revenue

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the MRTT and the revenue can be reliable measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from non-exchange transactions

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

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

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

Revenue from exchange transactions

Revenue from the rendering of services is recognised upon performance of services and when services are consumed by the customer.

Interest income

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the nominal rate over the period to maturity when it is determined that such income will accrue to the Mpumalanga Regional Training Trust. Rental income is recognised on a straight line over the term of the lease.

Gains or losses on disposal of property, plant and equipment

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

Other income

Other income is recognised when it is probable that future economic benefits will flow to MRTT and is measured at their fair-value of the consideration received or receivable.

Irregular, fruitless and wasteful expenditure

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

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act.

Irregular, fruitless and wasteful expenditure that has been condoned or will not be recovered from employees will be included in the Statement of Financial Performance, and where the expense is recoverable from the employee, the necessary debtor is created.

3.5 Property, plant and equipment

Property, plant and equipment comprise of Land and Buildings, domestic equipment, computer equipment, furniture and fittings, office equipment and motor vehicles and are stated at historical costs less accumulated depreciation.

Recognition

The cost of an item of property, plant and equipment is be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and

(b) the cost or fair value of the item can be measured reliably

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment and depreciated accordingly.

Measurement at Recognition

An item of property, plant and equipment that qualifies for recognition as an asset is be measured at its cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Repairs and Maintenance

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

Subsequent Expenditures

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits or service potential associated with the item will flow to MRTT and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged against the assets on a straight line basis so as to fully depreciate the asset to its net residual at the end of its useful live, from the date available for use.

The assets bought specifically for a project and intended for donation at the end of the project's life are depreciated over the life of the contract as the residual value at that point will be nil.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if necessary, at each financial year-end.

Depreciation on movable assets is charged to the Statement of financial performance.

Useful Lives

The following are the estimated useful lives of the different categories of assets and which are depreciated on the straight-line method over the following periods:

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

The useful lives and residual values of property, plant and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information.

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




the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

Land is not depreciated. Depreciation on the buildings is calculated on a straight line basis over the expected useful lives of each major component of buildings assets. Depreciation on buildings is charged to the Statement of Financial Performance.

Useful life

Buildings	20 years

3.6 Intangible assets

Initial recognition

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

Intangible assets consist of computer software. Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Purchased computer software and the direct costs associated with the customisation and installation thereof, are capitalised and amortised over estimated useful lives of the assets from the date that they are available for use.

Measurement

Intangible assets are initially recognised at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands is recognised in surplus/ (loss) as incurred.

Amortisation

Each item is amortised over its useful life once it is available for use. Amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values, and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives

Intangible assets are amortised over the following periods, considered to be their estimated useful lives: Computer software 3 years.

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.

3.7 Inventory

Recognition

Inventories is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably.

Measurement

Inventories that qualify for recognition as assets are initially measured at cost.

Where inventories are acquired at no cost, or for nominal consideration, their costs is their fair value as at the date of acquisition.

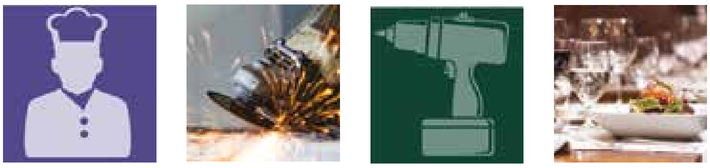
Measurement after recognition

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

Inventories are measured at the lower of cost and current replacement cost where they are held for: distribution at no charge or for a nominal charge, or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Recognition as an expense

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



Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost is determined using the fair value method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Any write down of inventory to net realisable value is recognised immediately in the Statement of Financial Performance as an expense.

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

3.8. Impairment of non-monetary assets

At each reporting date, MRTT reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard. Losses and reversals of impairment losses are separately disclosed in the income statement.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of the cash generating unit exceeds its recoverable amount.

A previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior years.Revalued assets reversal of impairment is done through the revaluation surplus / reserve.

3.9 Provisions

Recognition

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cashflow s estimated to settle the present obligation, its carrying amount is the present value of those cashflow s.

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) E ntities 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).

3.14 Investments in subsidiaries

Subsidiaries are entities, including unincorporated partnerships and companies without a share capital that are controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidated annual financial statements

The consolidated annual financial statements incorporate the assets, liabilities, income, expenses and cashflow s 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 Presentation of Budget information in financial statements.

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

(a) the approved and final budget amounts;

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

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

3.16 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.

3.17 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.

2. Inventories

	2014 R	2013 R
Consumables	399,190	437,191

Inventory pledged as security

Inventory was not pledged as security.

3. Receivables from exchange transactions

	2014 R	2013 R
Allowance for impairment	(2,813,732)	(1,703,011)
Deposits	3,557	3,557
Prepaid expenses	12,829	-
Grosss trade receivables	7,673,335	8,831,193
	4,875,989	**7,131,739**

Reconciliation of provision for impairment of trade and other receivables

	2014 R	2013 R
Opening balance	1,703,011	1,846,269
Provision for impairment	1,110,721	(143,258)
	2,813,732	**1,703,011**

4. 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 cashflow statement comprise the following:

	2014 R	2013 R
Cash on hand and balances in banks	17,844,857	26,521,688
Short-term investments	14,083,471	8,952,273
	31,928,328	**35,473,961**




5. Property, plant and equipment

	2014			2013		
	Cost/ Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost/ Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R
Land and Buildings	38,655,001	(11,628,299)	27,026,702	37,607,391	(9,918,804)	27,688,587
Machinery and Equipment	3,484,237	(1,518,838)	1,965,399	3,039,099	(1,422,699)	1,616,400
Office furniture	5,496,255	(2,224,856)	3,271,399	5,171,963	(1,962,563)	3,209,400
Motor vehicles	3,498,291	(1,396,279)	2,102,012	2,560,060	(1,065,253)	1,494,807
Office equipment	1,365,110	(466,764)	898,346	1,214,100	(400,035)	814,065
Computer equipment	1,741,752	(684,156)	1,057,596	1,222,600	(573,769)	648,831
Domestic equipment	1,153,977	(460,759)	693,218	1,093,361	(403,747)	689,614
Total	**55,394,623**	**(18,379,951)**	**37,014,672**	**51,908,574**	**(15,746,870)**	**36,161,704**

The land and buildings were revalued on 19 July 2010 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 2015. 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 termss

Reconciliation of property, plant and equipment - 2014	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Land and Buildings	27,688,587	1,047,611	-	(1,709,496)	27,026,702
Machinery and Equipment	1,616,399	445,140	-	(96,140)	1,965,399
Office Furniture	3,209,400	324,193	-	(262,194)	3,271,399
Motor vehicles	1,494,806	938,232	-	(331,026)	2,102,012
Office equipment	814,065	151,010	-	(66,729)	898,346
Computer Equipment	648,830	533,059	(12,701)	(111,592)	1,057,596
Domestic Equipment	689,615	60,615	-	(57,012)	693,218
	36,161,702	**3,499,860**	**(12,701)**	**(2,634,189)**	**37,014,672**

Reconciliation of property, plant and equipment - 2013					
Land and Buildings	34,492,802	-	(4,784,162)	(2,020,053)	27,688,587
Machinery and Equipment	1,762,474	5,800	-	(151,874)	1,616,400
Office furniture	3,409,005	57,892	-	(266,018)	3,200,879
Motor vehicles	1,209,977	1,093,483	(594,483)	(214,170)	1,494,807
Office equipment	753,314	117,342	-	(56,591)	814,065
Computer Equipment	631,487	143,419	(4,874)	(112,682)	657,350
Domestic Equipment	666,860	75,039	-	(52,285)	689,614
	42,925,919	**1,492,975**	**(5,383,519)**	**(2,873,673)**	**36,161,702**

Pledged as security
Property, plant and equipment was not pledged as security.

5. Property, plant and equipment (continued)

	2014 R	2013 R
Details of properties		
Re Of 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.		
- Carrying value	12,080,471	13,882,158
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 metress		
- Carrying value	2,782,717	3,198,302
Erf 5 Ferrobank		
The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.		
- Carrying value	8,394,348	8,402,946
Erf 21 Corridor Hill		
This property is the 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.		
- Carrying value	2,510,000	2,510,000
Erf 312 Witbank Township		
Registration Division J.S. in the Province of Mpumalanga (58 French Street).		
- Carrying value	1,259,167	1,388,392

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

6. Intangible assets

	2014			2013		
	Cost R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software	387,334	(132,731)	254,603	153,175	(61,117)	92,058

Reconciliation of intangible assets - 2014	Opening balance R	Additions R	Amortisation R	Total R
Computer software	92,058	234,159	(71,614)	254,603

Reconciliation of intangible assets - 2013

Computer software	17,361	122,261	(47,564)	92,058

7. Payables from exchange transactions

	2014 R	2013 R
Trade payables	927,696	2,072,739
Deposits received	111,926	87,046
Income received in advance	190,153	256,279
Accruals	4,914,963	912,972
Credit card	-	25,724
	6,144,738	**3,354,760**

8. Provision for employee benefits

Reconciliation of provision for employee benefits - 2014	Opening balance R	Provision utilised R	Provision raised in current year R	Total R
Employee benefit	2,551,407	(527,647)	1,511,022	3,534,782

Reconciliation of provision for employee benefits - 2013				
Employee benefit	1,983,370	(236,843)	804,880	2,551,407

9. Revenue from exchange transactions

	2014 R	2013 R
Rendering of services	18,076,788	13,941,758
Interest received	631,198	695,435
Rental income	86,600	-
	18,794,586	**14,637,193**

10. Other revenue

Bad debt recovered	18,593	24,656
Stale cheque written back	-	4,080
	18,593	**28,736**

11. Revenue from non exchange transactions

Transfers from provincial goverrnment	99,139,800	99,672,000

12. Personnel

	2014 R	2013 R
Basic	43,293,575	30,412,177
Medical aid - company contributions	620,192	463,590
Statutory payments	10,680,737	6,591,362
Provident and pension fund	5,296,316	4,792,645
Allowances	315,315	290,700
	60,206,135	42,550,474

13. Administrative expenditure

Rates and taxes	549,606	540,963
Communication	1,341,574	1,265,436
Insurance	683,915	369,101
Motor fleet	850,692	514,792
Lease costs	526,479	565,965
Security	947,269	858,366
Rent paid	838,167	735,138
Printing and stationary	654,525	345,137
Repairs and maintaince	231,672	179,908
Admin expense	391,379	165,304
	7,015,278	**5,540,110**

14. Finance costs

Interest paid	2,002	35,221

15. Other operating expenses

Auditors remuneration	2,779,276	2,123,055
Bank charges	276,879	437,711
Computer expenses	11,861	-
Professional fees	1,707,613	1,213,750
Pest control	7,449	-
Subsistance and travel	4,787,551	3,658,665
Training material cost	32,066,641	19,660,367
Other operating costs	8,850,460	8,650,463
Marketing Cost	1,448,499	1,086,090
Staff Appointment and Recruitment Cost	284,815	200,575
	52,221,044	**37,030,676**




16. Receivables from non-exchange transactions

	2014 R	2013 R
Receivables from non-exchange transactions	1,139,800	-

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

17. Reconciliation of net cashflow s from operating activities

	2014 R	2013 R
(Loss) profit	(5,308,004)	26,403,468
Adjustments for:		
Depreciation and amortisation	2,705,803	2,921,237
Finance costs	(2,002)	(35,221)
Debt impairment	1,110,721	(143,258)
Other non-cash items	167,687	(290,796)
Changes in working capital:		
Inventories	38,001	220,924
Receivables from exchange transactions	899,127	40,004
Consumer debtors	(1,110,721)	143,258
Inter Company account - Royal Hotel	(2,149,421)	-
Payables from exchange transactions	3,837,195	2,538,311
Income received in advance	-	45,868
	188,386	**31,843,795**

18. Auditors' remuneration

	2014 R	2013 R
External audit fees	2,313,199	1,486,139
Internal audit fees	466,077	636,917
	2,779,276	**2,123,056**

19. Directors and Managements emoluments

Directors' remuneration: non executive members

Fees for services as Board members

	2014 R	2013 R
Mrs FD Mthembu - Non-executive Director (Chairperson)	619,467	394,271
Mrs ME Letsoalo	356,616	227,546
Mrs SN Motloung Resigned - 15 October 2013	53,985	91,967
Mr MJ Sibiya	416,881	70,503
	1,446,949	784,287

19. Directors and Managements emoluments (continued)

Executive Management	Basic Salary R	Bonus R	Short term employment benefits R	Post employment benefits R	Total R
ND Moropane - CEO	1,715,544	108,816	440,979	351,407	2,616,746
MS Makgoba - GM Operations	737,803	35,439	151,131	104,486	1,028,859
MG Jafta - CFO	795,977	33,991	57,000	100,217	987,185
R Oosthuizen - GM HTA	518,709	29,700	171,500	80,889	800,798
	3,768,033	207,946	820,610	636,999	5,433,588

20. Retirement benefits

	2014 R	2013 R

Defined contribution plan

The employer contributes a percentage of an employee's salary to the Sanlam pension fund which is subject to the Pension Fund Act. The employer has no obligation other than to make the monthly payments and no further risk. The risk of market movements lies with the employee. The treatment is to expense the contributions in the month to which they relate.

	2014 R	2013 R
Total company contribution	5,296,316	4,792,645

21. Commitments

Commitments as at 31 March 2014		
Operating commitments		
• Commitments	1,089,740	5,750,090

Commitments represent future contractual commitments the organisation have engaged itself with other parties whereby cash outflows will be legally expected from the organisation. The commitment are made up of Provision of the following services by service providers for the following trades - Air Conditioning, refrigiration, building and civil construction.

22. Taxation

The company is exempt from both Income Tax and Value Added Tax in terms of the provisions of section 10(1)(cN) of the Income Tax Act and section 24(1) of the VAT Act respectively.




23. Unauthorised,irregular,fruitless and wasteful expenditure

	2014 R	2013 R

Irregular expenditure

An irregular expenditure was incurred during the financial year due to non-compliance with Treasury Regulation 16A6.3 (c) that is not advertising for at least 21 days in the Government Tender Bulletin. As at 31 March 2014 an amount of R954,346 (31 March 2013 R1, 434, 795) was paid to JDR Construction CC who was awarded the tender to build 130 RDP houses in Mkhondo Local Municipality. The entity will seek condonement of the total irregular expenditure after the project has been completed.

In the current financial year there is an investigation in progress relating to misappropriation of resources.

Fruitless and wasteful expenditure

Penalties and interest amounting to R 2 002.00 were paid to suppliers as a result of late payments made during the financial year under review.

24. Related parties

Relationships

Controlling Department	Department of Education
Wholly owned subsidiary	MRTT Royal Hotel Pilgrims Rest (Pty) Ltd

	2014	2013
Related party balances		
Inter-company accounts		
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	2,906,723	757,302
Related party transactions		
Purchases by related parties		
Department of Education	3,785,594	518,815
Receipts from related parties		
Department of Education	98,000,000	99,672,000

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.

25. 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.

26. Risk management

MRTT's risk to liquidity is a result of the funds available to cover future commitments. MRTT manages the liquidity risk through an ongoing review of future commitments and the cashflow s 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	9%	6,198,419	-	-	-	-

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

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 deficits.

27. Investments in controlled entities

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 (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.

28. Budgeted versus actual information

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2013 to 31 March 2014.

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 2014 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.




28. Budgeted versus actual information	2014 R	2013 R

28.1 The positive variance is due the entity getting more projects in the financial year.
28.2 The favourable variance is due to an additional allocation from the department for the extra work done on CRDP.
28.3 The unfavourable variance is due to Fixed Contractors for the National Youth Services and CRDP projects.
28.4 The unfavourable variance is due to the increase in the students and the increase in projects.
28.5 The unfavourable variance is due to more purchase of motor vehicles to service the projects.

29. Budgeted versus actual information

Minimum lease payments as at 31 March 2014:		
- within one year	633,003	627,131
- in second to fifth year inclusive	91,417	117,993
Present value of minimum lease payments	**724,420**	**745,124**

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

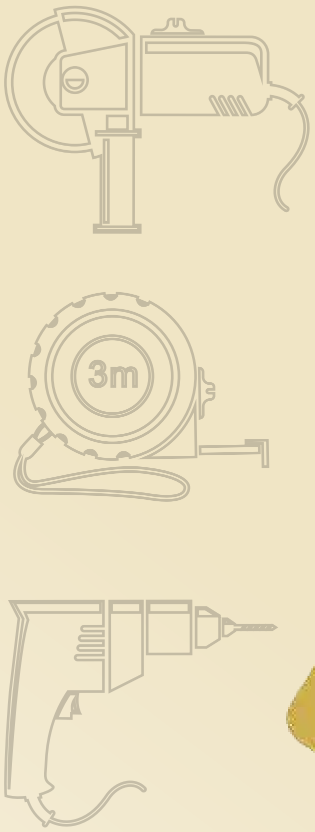
30. Irregular expenditure

Opening balance	4,305,314	2,870,519
Add: Irregular Expenditure - current year	954,346	1,434,795
	5,259,660	4,305,314

Analysis of expenditure awaiting condonation per age classification		
Current year	954,346	-
Prior years	-	4,305,314
	954,346	**4,305,314**

Details of irregular expenditure – current year

Irregular expnditure	**Disciplinary steps taken/criminal proceedings** This matter relates to 2009-10 financial year for the contract that was awarded to JDR Construction to build 130 houses at Mkhondo Local Municipality using MRTT learners for on-job training. The expenditure will continue to be disclosed in the Annual Financial Statement until the completion of the project. The Accounting Authority treated the matter of the Construction of the 130 houses as an emergency in terms Treasury Regulation 16 A.6.4; however the said clause was misinterpreted in the financial year ending 2010 and this matter was dealt with in the same year. The CEO was disciplined by the Accounting Authority	5,259,660



MPUMALANGA REGIONAL TRAINING TRUST (NPC)

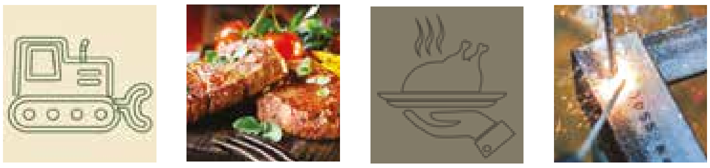
REGISTERED UNDER SCHEDULE 3C OF THE PUBLIC FINANCE MANAGEMENT ACT (PFMA), 1999 (ACT NO. 1 OF 1999)

AND

NON-PROFIT COMPANY UNDER THE COMPANIES ACT, 2008 (ACT NO. 71 OF 2008)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The accounting authority is responsible for monitoring the preparation and the integrity of the financial statements and related information included in this annual report. In order for the accounting authority 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 accounting authority acknowledges that the accounting authority is ultimately responsible for a system of internal financial controls established by MRTT and place considerable importance on maintaining strong control environment. To enable the accounting authority 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 accounting authority 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 Accepted 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 accounting authority 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 accounting authority continues to adopt the going concern basis in preparing the annual financial statements.

The accounting authority approved the annual financial statements for the year ended 31 March 2014 as set out on pages 107 to 136 on 28 May 2014 which were signed on its behalf by:

ND Moropane
Chief Executive Officer
30 May 2014

FD Mthembu
Chairperson of the Board

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

Report on the consolidated and separate financial statements

Introduction

1. 1.I have audited the consolidated and separate financial statements of the Mpumalanga Regional Training Trust and its subsidiary set out on pages 107 to 136, which comprise the consolidated and separate statement of financial position as at 31 March 2014, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. 2.The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. 3.My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. 4.An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust and its subsidiary as at 31 March 2014 and their financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Companies Act.

Emphasis of matter

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

Material impairments

8. As disclosed in note 8 to the financial statements, material impairments of R2,8 million were incurred as a result of the provision for doubtful debt.

Additional matter




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

Other reports required by the Companies Act

10. As part of my audit of the financial statements for the year ended 31 March 2014, I have read the directors' report, the audit committee's report and the company secretary's certificate to identify whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

Introduction

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

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2014:

- Programme 2: technical training operations, on pages 28 to 34.

13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matter

17. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matter:

Achievement of planned targets

18. Refer to the annual performance report on pages … to … and … to … for information on the achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Mbombela
31 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE ACCOUNTING AUTHORITY

The accounting authority has pleasure in presenting its report for the year ended 31 March 2014.

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 and do not in our opinion require any further comment.

Deficit 2014 : R6 425 590

2. Post balance sheet events

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

3. Directors' interest in contracts

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

4. Directors

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

- Mrs FD Mthembu - Non-executive Director (Chairperson of the Board)
- Mr ND Moropane - Executive Director (Chief Executive Officer)
- Mrs ME Letsoalo - Non-executive Director
- Mrs SN Motloung - Non-executive Director - Resigned 15 October 2013
- Mr MJ Sibiya - Non-executive Director

5. Secretary

The secretary of the company during the year was Ms QTP Mthethwa.

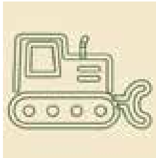
Business address	Corridor Crescent Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Witbank
Postal address	Private bag X7288 Emalahleni 1035

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

Further details on Unauthorised, Irregular, fruitless and wasteful expenditure is in note 22 and 23.




STATEMENT OF FINANCIAL PERFORMANCE

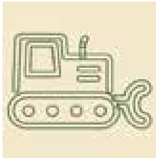
for the year ended 31 March 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	NOTES	R	R	R	R
Revenue					
Revenue from non-exchange transactions	1	99 139 800	99 672 000	99 139 800	99 672 000
Revenue from exchange transactions	2	24 853 577	18 758 825	18 794 586	14 637 193
Other Income	3	19 154	29 984	18 593	28 736
Total revenue		**124 012 531**	**118 460 809**	**117 952 979**	**114 337 929**
Expenses	4				
Personnel	4.1	60 206 135	42 550 474	60 206 135	42 550 474
Administrative	4.2	7 015 278	5 540 110	7 015 278	5 540 110
Finance costs	4.3	2 002	35 221	2 002	35 221
Other operating expenses	4.4	59 398 182	40 577 639	52 221 044	36 887 418
Depreciation and amortisation expense	5&6	2 705 803	2 921 237	2 705 803	2 921 237
Debt impairment		1 110 721		1 110 721	
Total expenses		**130 438 121**	**91 624 681**	**123 260 983**	**87 934 460**
Surplus for the period		**(6 425 590)**	**26 836 128**	**(5 308 004)**	**26 403 469**

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	NOTES	R	R	R	R
ASSETS					
Non-current assets					
Property, plant and equipment	5	37 390 081	36 178 896	37 014 672	36 161 703
Intangible assets	6	254 603	92 058	254 603	92 058
Investment in Subsidiary		-	-	100	100
		37 644 684	**36 270 954**	**37 269 375**	**36 253 861**
Current assets					
Cash and cash equivalents	7	31 943 931	35 505 024	31 928 328	35 473 961
Receivables from exchange transactions	8	7 731 936	8 831 055	4 875 989	7 131 740
Receivables from non-exchange transactions	9	1 139 800	-	1 139 800	-
Inventories	10	600 781	570 338	399 190	437 191
Prepayments		62 643	-	-	-
Inter Company account - Royal Hotel	21	-	-	2 906 723	757 300
		41 479 091	**44 906 417**	**41 250 030**	**43 800 192**
Total Assets		**79 123 775**	**81 177 371**	**78 519 405**	**80 054 053**
LIABILITIES					
Current liabilities					
Payables from exchange transactions	11	7 273 918	4 045 415	6 144 638	3 354 656
Employee benefits	12	3 534 782	2 551 408	3 534 782	2 551 408
Total Liabilities		**10 808 700**	**6 596 823**	**9 679 420**	**5 906 064**
NET ASSETS					
Investment in Subsidiary		-	-	100	100
Accumulated surplus		51 022 477	57 287 950	51 547 287	56 855 291
Reserves		17 292 598	17 292 598	17 292 598	17 292 598
		68 315 075	**74 580 548**	**68 839 985**	**74 147 989**
Total net assets		**79 123 775**	**81 177 371**	**78 519 405**	**80 054 053**




STATEMENT OF CHANGES IN NET ASSETS

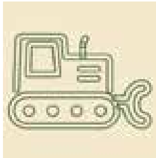
for the year ended 31 March 2014

	NOTES	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 1 April 2012		**24 038 938**	**18 948 781**	**42 987 719**
Surplus for the year			8 973 412	8 973 412
Prior period error	25	-	567 551	567 551
Restated balance as at 1 April 2012		**24 038 938**	**28 489 744**	**52 528 682**
Write off of land and buildings		(6 746 340)	1 962 178	(4 784 162)
Surplus for the year		-	26 836 128	26 836 128
Restated balance as at 1 April 2013		**17 292 598**	**57 288 050**	**74 580 648**
Prior period error			160 017	160 017
Surplus for the year		-	(6 425 590)	(6 425 590)
Balance as at 31 March 2014		**17 292 598**	**51 022 477**	**68 315 075**

CASHFLOW STATEMENT

for the year ended 31 March 2014

	NOTES	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
CASHFLOWS FROM OPERATING ACTIVITIES					
Cash receipts from stakeholders					
Cash receipts from government entities (Transfers)		98 000 000	104 845 384	98 000 000	104 845 384
Cash receipts from own generated income		19 739 499	7 895 988	19 376 990	7 843 743
Interest received		631 198	695 435	631 198	695 435
Cash paid to stakeholders					
Personnel and Suppliers		(117 817 800)	(81 505 446)	(117 817 800)	(81 595 831)
Finance costs		(2 002)		(2 002)	
Net cashflows from operating activities	**13**	**550 895**	**31 931 361**	**188 386**	**31 788 731**
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(3 877 829)	(1 636 518)	(3 877 829)	(1 489 788)
Purchase of intangible assets		(234 159)	111 693	(234 159)	111 693
Net cashflows from investing activities		**(4 111 988)**	**(1 524 825)**	**(4 111 988)**	**(1 378 095)**
Net increase / (decrease) in cash and cash equivalents		**(3 561 093)**	**3 576 696**	**(3 545 633)**	**30 375 473**
Cash and cash equivalents at beginning of the year	7	35 505 024	31 928 328	35 473 961	5 098 488
Cash and cash equivalents at end of period	**7**	**31 943 931**	**35 505 024**	**31 928 328**	**35 473 961**




STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note on variance
RECEIPTS				
Transfers from other government entities	98 813 842	99 139 800	(325 958)	25.1
Revenue from exchange tranactions	4 124 952	18 707 986	(14 583 034)	25.2
Other revenue	-	105 193	(105 193)	
Total receipts	**102 938 794**	**117 952 979**	**(15 014 185)**	
PAYMENTS				
Personnel	44 500 000	60 175 093	(15 675 093)	25.3
Goods and services	56 230 794	59 351 871	(3 121 077)	25.4
Capital Expenditure	2 208 000	3 734 019	(1 526 019)	25.5
Total payments	**102 938 794**	**123 260 983**	**(20 322 189)**	
NET RECEIPTS	**-**	**(5 308 004)**	**5 308 004**	

ACCOUNTING POLICIES
for the year ended 31 March 2014

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

1.3 Significant judgments and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

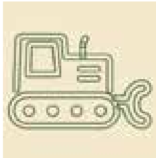
In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is given in the following notes:

Impairment of Debtors

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

Fair value estimates

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflow s at the current market interest rate that is available to the entity for similar financial instruments.




Allowance for slow moving, damaged and obsolete stock

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

Property, plant and equipment

Property, vehicles, plant and equipment is depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets

Intangible assets are amortised over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of non-financial assets

The Mpumalanga Regional Training Trust assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Mpumalanga Regional Training Trust estimates the recoverable amount of the asset.

Provisions and contingent assets and liabilities

A provision is a liability of uncertain timing or amount. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note for Provisions.

1.4 Going concern

These financial statements are prepared in accordance with the going concern principle. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.5 Accrual Basis of accounting

These financial statements are prepared in accordance with the accrual basis where transactions, other events and conditions are recognised when they occur and are recognised in the period to which they relate and not only recognised when cash is paid or received.

2. Standards of General Recognised Accounting Practice effective for financial periods commencing on or after 1 April 2013

STANDARD OF GRAP	EFFECTIVE DATE
GRAP 32 – Service Concession Arrangement Grantor	No Effective dates Decided Yet
GRAP 108 – Statutory receivables	No Effective dates Decided Yet
GRAP 20 – Related Party Disclosures	No Effective dates Decided Yet
GRAP 18 – Segment Reporting	No Effective dates Decided Yet
GRAP 105 – Transfer of Functions Between Entities under common Control	No Effective dates Decided Yet
GRAP 106 – Transfer of Functions Between Entities not under common Control	No Effective dates Decided Yet
GRAP 107 - Mergers	No Effective dates Decided Yet

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

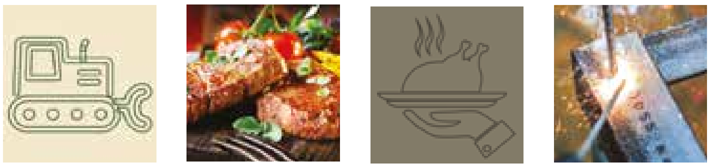
Financial assets are initially measured at their cost; which is the fair value of the consideration given, plus the transaction costs, except in the case of financial assets carried at fair value through profit or loss where transaction costs are immediately expensed.

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.

Derecognition

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

- the right to receive cashflow s from the asset have expired;
- MRTT retains the right to receive cashflow s 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 cashflow s 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

IIt is the policy MRTT to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Sufficient cash is maintained to manage MRTT's liquidity risk.

Interest Risk

Interest rate risk originates from the uncertainty about the fair value or future cashflow s 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.

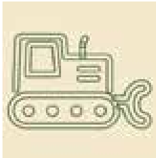
Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.




Contingent liabilities

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

3.4. Revenue

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the MRTT and the revenue can be reliable measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from non-exchange transactions

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

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

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

Revenue from exchange transactions

Revenue from the rendering of services is recognised upon performance of services and when services are consumed by the customer.

Interest income

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the nominal rate over the period to maturity when it is determined that such income will accrue to the Mpumalanga Regional Training Trust. Rental income is recognised on a straight line over the term of the lease.

Gains or losses on disposal of property, plant and equipment

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

Other income

Other income is recognised when it is probable that future economic benefits will flow to MRTT and is measured at their fair-value of the consideration received or receivable.

Irregular, fruitless and wasteful expenditure

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

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act.

Irregular, fruitless and wasteful expenditure that has been condoned or will not be recovered from employees will be included in the Statement of Financial Performance, and where the expense is recoverable from the employee, the necessary debtor is created.

3.5. Property, plant and equipment

Property, plant and equipment comprise of Land and Buildings, domestic equipment, computer equipment, furniture and fittings, office equipment and motor vehicles and are stated at historical costs less accumulated depreciation.

Recognition

The cost of an item of property, plant and equipment is be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) the cost or fair value of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment and depreciated accordingly.

Measurement at recognition

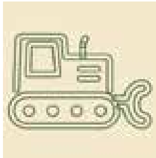
An item of property, plant and equipment that qualifies for recognition as an asset is be measured at its cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Repairs and maintenance

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

Subsequent expenditures

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits or service potential associated with the item will flow to MRTT and the cost of the item can be measured reliably.




Depreciation

Depreciation is charged against the assets on a straight line basis so as to fully depreciate the asset to its net residual at the end of its useful live, from the date available for use.

The assets bought specifically for a project and intended for donation at the end of the project's life are depreciated over the life of the contract as the residual value at that point will be nil.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if necessary, at each financial year-end.

Depreciation on movable assets is charged to the Statement of financial performance.

Useful lives

The following are the estimated useful lives of the different categories of assets and which are depreciated on the straight-line method over the following periods:

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

The useful lives and residual values of property, plant and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information.

Derecognition

The carrying amount of an item of property, plant and equipment is de-recognised:

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

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

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

Land is not depreciated. Depreciation on the buildings is calculated on a straight line basis over the expected useful lives of each major component of buildings assets. Depreciation on buildings is charged to the Statement of Financial Performance.

Useful life

Buildings	20 years

3.6. Intangible assets

Initial recognition

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

Intangible assets consist of computer software. Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

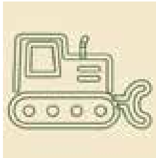
Purchased computer software and the direct costs associated with the customisation and installation thereof, are capitalised and amortised over estimated useful lives of the assets from the date that they are available for use.

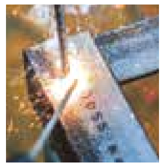
Measurement

Intangible assets are initially recognised at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands is recognised in surplus/ (loss) as incurred.



Amortisation

Each item is amortised over its useful life once it is available for use. Amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values, and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives

Intangible assets are amortised over the following periods, considered to be their estimated useful lives: Computer software 3 years.

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.

3.7. Inventory

Recognition

Inventories is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably.

Measurement

Inventories that qualify for recognition as assets are initially measured at cost.

Where inventories are acquired at no cost, or for nominal consideration, their costs is their fair value as at the date of acquisition.

Measurement after recognition

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

Inventories are measured at the lower of cost and current replacement cost where they are held for: distribution at no charge or for a nominal charge, or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Recognition as an expense

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

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost is determined using the fair value method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Any write down of inventory to net realisable value is recognised immediately in the Statement of Financial Performance as an expense.

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

3.8. Impairment of non-monetary assets

At each reporting date, MRTT reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard. Losses and reversals of impairment losses are separately disclosed in the income statement.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of the cash generating unit exceeds its recoverable amount.

A previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised.

3.9. Provisions

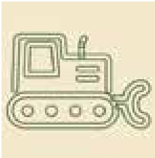
Recognition

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cashflow s estimated to settle the present obligation, its carrying amount is the present value of those cashflow s.

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

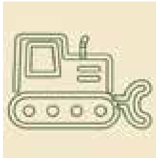
(b) Exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. Related parties include:

- (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) I ndividuals 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 so as to obtain benefits from its activities.

Consolidated annual financial statements

The consolidated annual financial statements incorporate the assets, liabilities, income, expenses and cashflow s 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. Presentation of Budget information in financial statements

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

(a) the approved and final budget amounts

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

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

3.16. 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.

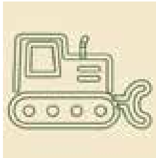
MRTT shall not prepare its financial statements on the going concern basis if management determines after the reporting date either that there is an intention to liquidate the entity or to cease operating, or that there is no realistic alternative but to do so.

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.

3.17. 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.

1. Revenue from non exchange transactions	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Transfers from provincial government	**99 139 800**	**99 672 000**	**99 139 800**	**99 672 000**

2. Revenue from exchange transactions

Rendering of service	24 853 577	18 758 825	18 794 586	14 637 193
	24 853 577	**18 758 825**	**18 794 586**	**14 637 193**

3. Other revenue

Bad debts recovered	18 593	24 656	18 593	24 656
Other income	561	1 248		
Stale cheque written back	0	4 080	0	4 080
	19 154	**29 984**	**18 593**	**28 736**
Total Revenue	**124 012 531**	**118 460 809**	**117 952 979**	**114 337 929**

4. Operating and administrative expenditure

Operating and administrative expenditure includes:

4.1 Personnel				
Basic	43 293 575	30 412 177	43 293 575	30 412 177
Medical aid	620 192	463 590	620 192	463 590
Statutory payments	10 680 737	6 591 362	10 680 737	6 591 362
Provident and Pension fund	5 296 316	4 792 645	5 296 316	4 792 645
Allowances	315 315	290 700	315 315	290 700
	60 206 135	**42 550 474**	**60 206 135**	**42 550 474**

4.2 Administrative				
Rates and Taxes	549 606	540 963	549 606	540 963
Communication	1 341 574	1 265 436	1 341 574	1 265 436
Insurance	683 915	369 101	683 915	369 101
Motor fleet	850 692	514 792	850 692	514 792
Lease costs	526 479	565 965	526 479	565 965
Security	947 269	858 366	947 269	858 366
Rent paid	838 167	735 138	838 167	735 138
Printing and stationary	654 525	345 137	654 525	345 137
Repairs and maintaince	231 672	179 908	231 672	179 908
Other Admin Expenses	391 379	165 304	391 379	165 304
	7 015 278	**5 540 110**	**7 015 278**	**5 540 110**

4. Operating and administrative expenditure (continued)

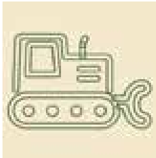
	GROUP		COMPANY	
	2014 R	2013 R	2014 R	2013 R
4.3 Finance costs				
Interest paid	**2 002**	**35 221**	**2 002**	**35 221**
4.4 Other operating expenses				
Professional fees	2 779 276	1 213 750	2 779 276	1 213 750
Audit fees	276 879	2 123 055	276 879	2 123 055
Bank charges	11 861	437 711	11 861	437 711
Training material cost	1 707 613	19 660 367	1 707 613	19 660 367
Staff appointment and Recruitment cost	7 449	200 575	7 449	200 575
Marketing costs	4 787 551	1 086 090	4 787 551	1 086 090
Subsistence and travel	32 066 641	3 658 665	32 066 641	3 658 665
Other operating costs	17 760 912	10 672 101	17 760 912	10 672 101
	59 398 182	**39 052 314**	**59 398 182**	**39 052 314**

5. Property, plant and equipment

Summary	Cost/ Valuation R	Accumulated depreciation R	Carrying value R
OWNED ASSETS			
Land and Buildings	38 655 001	(11 628 299)	27 026 702
Summary			
Machinery and equipment	3 484 237	(1 518 838)	1 965 399
Motor vehicles	5 496 255	(2 224 856)	3 271 399
Office equipment	3 498 291	(1 396 279)	2 102 012
Office furniture	1 365 110	(466 764)	898 346
Domestic equipment	2 118 901	(698 598)	1 420 303
Computer equipment	1 176 079	(470 159)	705 920
TOTAL	**55 793 874**	**(18 403 793)**	**37 390 081**

The land and buildings were revalued on 19 July 2010 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 2015. Land and buildings are re-valued every 5 years.

The fair values were determined directly by reference to observable prices and an active market or recent market transactions on arms length terms.




5. Property, plant and equipment (cont.)

	31 March 2013 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2014 Carrying Value R
Owned Assets					
Land and buildings	27 688 587.00	1 047 611.00		(1 709 496.00)	27 026 702.00
Machinery and equipment	1 616 399.00	445 140.00		(96 140.00)	1 965 399.00
Motor vehicles	3 209 400.00	324 193.00		(262 194.00)	3 271 399.00
Office equipment	1 494 806.00	938 232.00		(331 026.00)	2 102 012.00
Office furniture	814 065.00	151 010.00		(66 729.00)	898 346.00
Domestic equipment	648 830.00	910 208.00		(126 034.00)	1 433 004.00
Computer equipment	708 841.00	61 435.00	(12 701.00)	(64 356.00)	693 219.00
TOTAL	**36 180 928.00**	**3 877 829.00**	**(12 701.00)**	**(2 655 975.00)**	**37 390 081.00**

Details of properties

Re Of 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.	12 978 634
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.	2 989 891
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	7 886 283
Erf 21 Corridor Hill Township, 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.	2,510,000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 323 779
TOTAL	**27 688 587**

	31 March 2012 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2013 Carrying Value R
Owned Assets					
Land and buildings	34 492 802.00		(4 784 162.00)	(2 020 054.00)	27 688 586.00
Machinery and equipment	1 762 474.00	5 800.00		(151 874.00)	1 616 400.00
Motor vehicles	1 209 977.00	1 093 483.00	(594 483.00)	(214 170.00)	1 494 807.00
Office equipment	753 314.00	117 342.00		(56 591.00)	814 065.00
Office furniture	3 409 005.00	57 892.00		(266 018.00)	3 200 879.00
Domestic equipment	666 860.00	75 039.00		(52 284.00)	689 615.00
Computer equipment	631 487.00	164 701.00	(4 874.00)	(116 771.00)	674 543.00
TOTAL	**42 925 919.00**	**1 514 257.00**	**(5 383 519.00)**	**(2 877 762.00)**	**36 178 895.00**

5. Property, plant and equipment (cont.)

Details of properties

Re Of 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'.	13,882,158
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.	3,198,302
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	8,402,946
Erf 61; 62 and 63 Ekandustria. The property includes industrial buildings comprising of workshops, ablutions and internal offices. The site area is 5,328 square metres.	4,031,089
Siyabuswa, Industrial Area Factory 10/2. The property includes industrial buildings comprising workshops, ablutions and internal offices. The site area is 2,200 square metres.	1,079,917
Erf 21 Corridor Hill Township, 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.	2,510,000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1,388,392
	34,492,804

6. Intangible assets

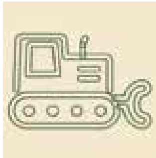
31 March 2014	Carrying value 1 April 2013	Amortisation for the year	Additions	Net Book Value
Computer Software	**92 058**	**(71 614)**	**234 159**	**254 603**

31 March 2013	Carrying value 1 April 2012	Amortisation for the year	Additions	Net Book Value
Computer Software	17 361	(47 564)	122 261	92 058

7. Cash and Cash equivalents

	GROUP		COMPANY	
	2014 R	2013 R	2014 R	2013 R
Cash on hand and balances in banks	17 860 460	26 552 751	17 844 857	26 521 688
Short term investments	14 083 471	8 952 273	14 083 471	8 952 273
	31 943 931	**35 505 024**	**31 928 328**	**35 473 961**

Cash and cash equivalents consist of cash on hand and balance with the bank. Cash and cash equivalents includ-ed in the cashflow statement comprise the following:

	GROUP		COMPANY	
	2014	2013	2014	2013
8. Receivables from exchange transactions	R	R	R	R
Gross trade receivables	10 529 282	10 530 508	7 673 335	8 831 193
Allowance forimpairment	(2 813 732)	(1 703 011)	(2 813 732)	(1 703 011)
	7 715 550	**8 827 497**	**4 859 603**	**7 128 182**
Prepayments	12 829	-	12 829	-
Deposits	3 558	3 558	3 558	3 558
	7 731 937	8 831 055	4 875 990	7 131 740

9. Receivables from non exchange transactions

Transfers from provincial government	1 139 800	-	1 139 800	-
	1 139 800	**-**	**1 139 800**	**-**

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

10. Inventories

Consumables	**600 781**	**570 338**	**399 190**	**437 191**

11. Payables from exchange transactions

Trade payables	2 056 876	2 763 397	927 696	2 072 639
Deposits received	111 926	87 043	111 926	87 043
Accruals	4 914 963	912 972	4 914 963	912 972
Effects of lease smoothing	-	-	-	-
Credit card	-	25 724	-	25 724
Income received in advance	190 153	256 279	190 153	256 279
	7 273 918	**4 045 415**	**6 144 738**	**3 354 657**

12. Employee benefits

Balance at the beginning of the year	2 551 407	1 983 370	2 551 407	1 983 370
Provision utilised	(527 647)	(236 843)	(527 647)	(236 843)
Provision raised in current year	1 511 022	804 880	1 511 022	804 880
Balance at the end of the year	**3 534 782**	**2 551 407**	**3 534 782**	**2 551 407**

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 cashflow s from operating activities

	2014 R	2013 R
Surplus / (Deficit) for the year	(6 425 590)	26 836 128
Adjustments for the year		
Depreciation of property, plant and equipment	2 727 590	2 877 762
Amortisation of intangible assets	-	47 564
Non-cash item	339 990	1 256 877
Changes in working capital		
(Increase) / Decrease in trade and other receivables	(366 016)	(1 659 311)
(Increase) / Decrease in inventories	(30 443)	87 777
Increase / (decrease) in income received in advance	45 868	45 868
(Decrease)/Increase in trade and other payables	4 259 496	2 438 696
Cash generated by operations	**550 895**	**31 931 361**

14. Auditors' remuneration

	GROUP		COMPANY	
	2014 R	2013 R	2014 R	2013 R
External audit fees	2 472 492	1 486 139	2 313 199	1 486 139
Internal audit fees	466 077	636 917	466 077	636 917
	2 938 569	**2 123 055**	**2 779 276**	**2 123 055**

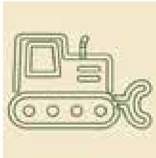
15. Directors and Managements emoluments

Directors' remuneration: non executive members

Fees for services as Board members

Mrs FD Mthembu	619 467	394 271
Mrs ME Letsoalo	356 616	227 546
Mrs SN Motloung -Resigned 15 October 2013	53 985	91 967
Mr MJ Sibiya	416 881	70 503
	1 446 949	784 287

Executive Management	Basic Salary	Bonus	Short term employment benefits	Post employment benefits	Total
ND Moropane - CEO	1 715 544	108 816	440 979	351 407	2 616 746
MS Makgoba - GM Operations	737 803	35 439	151 131	104 486	1 028 859
MG Jafta - CFO	795 977	33 991	57 000	100 217	987 185
R Oostihuizen - GM HTA	518 709	29 700	171 500	80 889	800 798




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.

	GROUP	
	2014 R	2013 R
Total company contribution	**5 296 316**	**4 792 645**

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 2014	0 to 1 year R	2 to 5 years R
Future lease payments	**633 003**	**91 417**

Future minimum lease payments as at 31 March 2013	0 to 1 year R	2 to 5 years R
Future lease payments	**627 131**	**117 993**

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 2014	2013 R	2012 R
Commitments	**1 089 740**	**5 750 090**

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. Irregular Expenditure

An irregular expenditure was incurred during the financial year due to non-compliance with Treasury Regulation 16A6.3 (c) that is not advertising for at least 21 days in the Government Tender Bulletin in 2009 – 10 financial year. As at 31 March 2014 an amount of R954, 346 (31 March 2013 R1, 434, 795) was paid to JDR Construction CC who was awarded the tender to build 130 RDP houses in Mkhondo Local Municipality.

20.2. Fruitless and Wasteful Expenditure

2013/14 Financial year

Penalties and interest amounting to R 2, 002.00 were paid to suppliers as a result of late payments made during the financial year under review.

21. Related parties disclosures

Nature of business	Relationship to company	Interest paid to related party R	Purchases by related party R	Receipts from related party R	Inter Company account R
Department of Education	Controlling Department		3 785 595	98 000 000	

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 15.

22. Contingent Liability

MRTT has as at 31 March 2014 the following contingent liabilities.

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

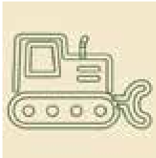
23. Risk Management

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 cashflow s arising from allocations by the Provincial Department of Education.

Interest rate risk

MRTT’s exposure to the interest rate is limited MRTT has no significant interest bearing liabilities.




23. Risk Management (continued)

Liquidity risk

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

Financial Instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other payables	9.00%	6,198,419	-	-	-	-

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.

Currency risk

Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. MRTT is not exposed to any material foreign exchange risk arising from various currency exposures. MRTT does not hedge foreign exchange fluctuations.

Price Risk

MRTT is not exposed to equity securities price risk because there are no investments held by MRTT and classified as either for sale or at fair value through surplus or deficit.

24. Investment in Subsidiary

During the financial year 2012/13 review the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MR TT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic and operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The following consolidated annual financial statements include the financial information for the 12 months ended 31 March 2014 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 2013 to 31 March 2014.

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 2012 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 positive variance is due the entity getting more projects in the financial year.

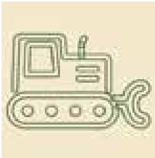
25.2 The favourable variance is due to an additional allocation from the department for the extra work done on CRDP .

25.3 The unfavourable variance is due to Fixed Contractors for the National Youth Services and CRDP projects.

25.4 The unfavourable variance is due to the increase in the students and the increase in projects.

Additional text

25.5 The unfavourable variance is due to more purchase of motor vehicles to service the projects.

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