MPUMALANGA REGIONAL
TRAINING
TRUST
MRTT

ANNUAL REPORT 2020|21

"The Mpumalanga Province is looking up to MRTT to not just lead by example, but to also continue being the advocate of skills development and playing a leading role in supporting the local communities to curb the rate of the unemployment on our youth."

- **Ms TE Mawelele**
  Acting Chairperson

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PART A
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
PHYSICAL ADDRESS	Suite No.8 Bureau de Paul N4 Office Park Emalahleni 1035
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER/S	(027) 13 656 0857/0875
FAX NUMBER	(027) 13 656 0632
EMAIL ADDRESS	info@rttrust.co.za
WEBSITE ADDRESS	www.rttrust.co.za
EXTERNAL AUDITORS	Auditor-General South Africa 12 Nel Street Mbombela 1200
BANKERS	Standard Bank Saveway Crescent Emalahleni 1035
COMPANY/ BOARD SECRETARY	Ms Kedibone Mohlala

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad-Based Black Economic Empowerment
CATHSSETA	Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Corporate Identity
CRDP	Comprehensive Rural Development Programme
CETA	Construction Education and Training Authority
DBSA	Development Bank of Southern Africa
DDM	District Development Model
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
IDP	Individual Development Plan
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
MEC	Member of the Executive Council
MerSETA	Manufacturing, Engineering and Related Services Education and Training Authority
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MRTT	Mpumalanga Regional Training Trust
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NPC	Non-Profit Company
NQF	National Qualifications Framework
NYDA	National Youth Development Agency
NYS	National Youth Services
OTP	Office of the Premier
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PPI	Programme Performance Indicator
PPP	Public Private Partnership
QMS	Quality Management System
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SETA	Sector Education Training Authority
SLA	Service Level Agreement
SMCO	Senior Management Committee
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
TR	Treasury Regulations

3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL

As the Member of the Executive Council of Education (MEC), I am pleased to table the annual report 2020/2021 financial year, for the Mpumalanga Regional Training Trust (MRTT) as an 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. This financial year was an extremely difficult year characterised by many challenges such as the budget cuts to fund the government's fight against the COVID-19 pandemic. This placed a strain on the work of the entity and its targets with regards to learner targets and numbers, which had to be revised during the period under reporting. This was further exacerbated by restrictions such as social distancing and minimising the number of people in certain areas mostly indoors. That affected the number of learners that the entity could accommodate in its centres/ workshops and training sites at a given time for training which mostly relies on physical interactions. However, the entity continued to make a meaningful contribution towards skills development in the province, and ensuring that those learners from previously disadvantaged backgrounds were capacitated and trained for them to participate in the mainstream economy of the province.

In tabling this annual report, we are very delighted to report that the entity has achieved its targets in this period and despite all the challenges, the entity was able to improve its overall performance compared to the previous financial year. The work of the entity has been very instrumental in assisting the department in dealing with school infrastructure projects in the province, in installing water fountains to 124 schools to provide clean drinking water and fighting COVID-19, the cleaning of the enviro-loo-toilets in 249 schools in the province, and renovation of 143 vandalised schools. This was a very good move in showing cooperation between the entity and its mother department, but also made a contribution to revenue generation for the entity especially in the times of declining fiscus in the province and country as a whole. These projects were also used by the entity to provide the much-needed work integrated learning and experience for the learners. Learners were able to use these projects to put into practice what they would have learned during the theoretical part of their training.

As stated, this financial year was not without challenges as the entity also struggled to secure workplaces where learners could receive coaching and mentoring. This was caused by the current economic conditions in the country and the declining interest in private companies to participate due to financial constraints. The entity continued to contribute to the priorities of the sixth (6th) administration and the medium term strategic framework, especially in terms of skills development in the province. It is critical that the entity contributes to the targets as set by the national development plan in terms of artisan development as a scarce skill in the country.

As part of the implementation of the Mpumalanga Innovation and Skills Hub (MISH), the skills hub was finally registered and three founding members from the board of the entity were appointed. These three members will provide oversight on the processes to the implementation of the MISH.

The work and contribution of the entity remains critical in the fight against the socio-economic challenges facing our province. With more skilled young people in our province, we will be able to reduce unemployment, poverty and inequality within our province. As a department, we will continue to provide support and guidance to the entity, as its role is key to the mandate of the department and changing the scarcity of skills levels within the province.

It therefore humbles me to table the 2020/21 annual report of the MRTT to the legislature. My gratitude goes to the Board of Directors of the entity, and its committees under the leadership of the Acting Chairperson Ms TE Mawelele. I would also like to thank the management of the entity under the stewardship of the Acting Chief Executive Officer Mr MS Makgoba and his senior management team, and all officials within the entity in their efforts to ensure that the entity achieves its mandate and objectives.

"Skills development remains the most important aspect that is relevant to the present-day growth and development of our young people." - Narendra Modi

I thank you

Hon Bonakele Majuba
MEC Education
Date:

4. FOREWORD BY THE ACTING CHAIRPERSON

It is with immense pleasure that I present the Mpumalanga Regional Training Trust's (MRTT) Annual Report on behalf of the Board of Directors. This is the first Annual Report that I am presenting since taking office as the Acting Chairperson of the Board on 03 February 2021.

The financial year of 2020/2021 marked the end of the 2015-2020/21 five-year strategic planning cycle. Notwithstanding the changes in Board of Directors Leadership, MRTT has managed to achieve some of its outcomes for the 2020/2021 financial year. In moving towards 2021-2024/25 planning cycle, the Board of Directors reviewed its previous strategic objectives in the context of the prevailing changes brought by COVID-19 pandemic and policy imperatives linked to its mandate.

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

Despite the challenges encountered during the year under review and the re-tabling of the Annual Performance Plan (APP) in September 2020, the entity has managed to continuously train its learners on institutional; practical and workplace training in different trades and programmes. We continue to participate in several government funded skills development initiatives; one of such is the Comprehensive Rural Development Programme (CRDP). Through the CRDP programme, MRTT has played its role in delivering quality training to the most vulnerable communities of our society, and used this programme as part of the District Development Model (DDM) as pronounced by the president. In the year under review, we were still able to deliver building construction related training programmes with the out-of-school youth, in the eight (8) targeted local municipalities of the Mpumalanga Province.

STRATEGIC RELATIONSHIPS

The work done during the period under review took place against a backdrop of increased stakeholder expectations amid a constrained fiscal environment inundated with budget cuts. Our role as MRTT is to use the skills development and training to forge relations with both the private and public sector in uplifting the youth of our province by providing workplace training opportunities, striving for support and improving financial sustainability. In the financial year under review, the board oversaw a substantial amount of work done by MRTT in the implementation of emergency projects on behalf of the Department of Education.

CHALLENGES FACED BY THE BOARD

At the time of writing this report, the stranglehold of COVID-19 pandemic forecasts a human tragedy and a deep global recession, which has been felt by many, including our fee-paying learners in our institution. Turbulent times lie ahead and we will have to adjust to the short and long-term realities of a new normal in terms of new offerings and training programmes.

Failure by public entities to comply with the corporate governance, rules and regulations continues to harm more institutions and in particular the stakeholders trust and confidence. We acknowledge the need to improve our strategic partnerships and further increase the stakeholder satisfaction and contribution to the community.

What is noteworthy is that the entity has maintained its record of Unqualified Audit Opinions from the Auditor-General South Africa (AGSA), which speaks to the quality of the leadership of the institution. As a board, we are proud of these achievements

“At the time of writing this report, the stranglehold of COVID-19 pandemic forecasts a human tragedy and a deep global recession, which has been felt by many, including our fee-paying learners in our institution.”

and will endeavour to build on them to leave a lasting legacy for the future board as the current leadership's term of office will be ending in November 2021.

THE YEAR AHEAD

The Mpumalanga Province is looking up to MRTT to not just lead by example, but to also continue being the advocate of skills development and playing a leading role in supporting the local communities to curb the rate of the unemployment on our youth. In the period ahead, MRTT will continue with the implementation of the project opportunities provided by the stakeholders and continue strengthening the partnerships in both the private and public sector.

The MRTT succeeded in registering the Mpumalanga Innovation and Skills Hub (MISH) in July 2020. A project management is underway to oversee the full construction of this project which is aimed at mobilising the unskilled youth amongst the population to jointly find a mutual and beneficial way of providing an opportunity to enhance skills responsive to industry as entrepreneurial business development.

ACKNOWLEDGEMENT AND CONCLUSION

I want to give special thanks to all members of staff and senior management who stepped up to the plate when lockdown changed the way we conduct business operations. Your commitment and tenacity ensured that we could continue serving our clients and local communities, which was greatly appreciated.

On behalf of the Board of Directors, I wish to recognise and appreciate the collegiality and commitment demonstrated by my fellow Board Members, and the unwavering support that MRTT continues to enjoy from the Honourable Premier of the Mpumalanga Province and the Member of the Executive Council (MEC) of Education and the department. The support of the Portfolio Committee did not go unnoticed and is appreciated.

Ke a leboga, Thank you!

Ms TE Mawelele
Acting Chairperson: MRTT Board of Directors
Date:

5. OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER

Looking at the financial performance of the Mpumalanga Regional Training Trust (MRTT), there has been a notable decrease in Government grant allocation from R11 396 to R 94 129 million translating into 17,2% decrease. The entity has been faced with COVID-19 Pandemic challenges that impacted on its own revenue generation capacity due to lack of projects. Revenue generation decreased from R36,7 million in the first 3 months of 2020/21, the country was at level 5 lock down restrictions hence revenue targets were not achieved as planned.

There was a decrease in expenditure from R153,3 million to R142 09 decrease compared to the previous financial year. The decrease in expenditure was due to the fact that the entity was not been operating at 100% due to the lockdown of Covid-19 Pandemic.

SPENDING TRENDS OF THE PUBLIC ENTITY

The entity incurred an expenditure of R142 086 during the year under review which is 7% less than the previous year's R153 299.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

The entity had to reduce its target number of learners to be trained due to Covid-19 restrictions in terms of adhering to social distance requirements in training workshops and sites, re-arrangement of employees work for a specific time and days. Additional costs had to be incurred in the provision of Personal Protective Clothing (PPE) for both employees and learners.

The challenge in contracting economy impacted heavily on own revenue generation capacity, as potential projects could not be secured. Revenue sources of the entity were limited and the entity decided to reconstitute its Revenue Generation Committee to explore revenue and functioning opportunities. MRTT had been severely affected by the Covid-19 pandemic from the first quarter. The entity had to comply with the various National Lockdown regulations in various adjusted stages/levels. The entity also had to close down some of its offices, training centres and various training sites during national lock down level 5 in the first quarter.

FINANCIAL YEAR	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Expenditure	134 544	141 263	111 786	125 494	147 383	153 299	142 086

“The entity had to reduce its target number of learners to be trained due to Covid-19 regulations in terms of adhering to social distance requirements in training workshops and sites, re-arrangement of employees work for a specific time and days.”

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

The entity had to discontinue with the finalisation of organisation/corporate structure in line with the corporate strategy due to the budget cut.

NEW OR PROPOSED KEY ACTIVITIES

The entity is continuing with the establishment and implementation of Mpumalanga Innovation and Skills Hub (MISH). The skills hub has been registered and three board members have been appointed as founding members of the repurposing of the MRTT House in collaboration with South 32 as interim premises of the MISH, as sub-hub for the first digital incubation project has commenced.

REQUESTS FOR ROLL OVER OF FUNDS

No requests were made for the roll-over of funds to the next financial year.

SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) is one of the key mechanisms enabling government or the entity to implement policy. Traditionally, SCM has been misunderstood and undervalued. Its strategic importance has not been recognised, and it has been under-capacitated. One of the outcome statements is to improve on the percentage (%) spent increased on B-BBEE against the total procurement spent B-BBEE and the entity has at least managed to spend more than the set percentage of 70% as it has spent 75% on BEE.

The entity is continuing to use the central supply database to source suppliers and providers. Supply Chain Management officials and management attended training facilitated by the provincial Treasury to improve required compliance and internal control to improve performance. The amended and upgraded SCM policy has been approved by the board for implementation.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

MRTT Management did not receive or conclude unsolicited bid proposals for the year under review.

WHETHER SCM PROCESSES AND SYSTEMS ARE IN PLACE

SCM processes and systems are in place, the entity has the SAGE system with an Advance Procurement Module that promotes the segregation of duties. In 2015, National Treasury introduced the Central Supplier Database where integration with SARS in terms of Tax compliance of a service provider is of critical importance for one to make recommendations of a service provider. It also eliminates the third party in terms of submitting a doctored Tax Clearance certificate, instead it always keeps the service providers alert on their tax matters if they are not in order. National Treasury has also introduced an e-Tender Publication Portal which enables government and public entities to upload or advertise the following on this portal:

- Tender Publication
- Bid Award Results
- Tender Information Report
- Contract Management.

A training session was conducted by the National Treasury and still has to conduct another session before the implementation of the system.

The entity has an approved Supply Chain Management policy which is continuously amended as and when changes in the guiding legislations or practice notes. Standard Operating Procedures (SOPS) are also in place, developed in terms of the Public Finance Management Act (PFMA), No 1 of 1999, as well as Treasury Regulations and all institutional notes and circulars issued by both the National and Provincial Treasury.

CHALLENGES EXPERIENCED AND HOW THEY WERE RESOLVED

Challenges that were experienced were discovered and raised from Auditors General South Africa (AGSA) are being continuously addressed by Action plan on audit findings and reported and discussed in Senior Management Committee on a monthly basis. The Finance and Remuneration Committee, Audit Committee, Risk Management Committee and Board of Directors meetings are also held on a quarterly basis.

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

MRTT obtained an Unqualified Audit Opinion with matters in the previous financial year. The action plan was developed with the Management Report and Audit Report, and they were discussed/ monitored during Monthly Senior Management and by the Audit Committee and Board of Directors on a quarterly basis.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The entity decided to reconstitute its Revenue Generation Committee to focus on revenue generation opportunities and alignment to the Provincial Revenue Generation Committee that has been established.

EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date.

ECONOMIC VIABILITY

The economic viability of the entity remains a matter of concern, seriously challenged considering financial constraints due to the economic conditions in the country with high unemployment rates, especially under out-of-school youth, and poverty levels by households. The environment of learners at our training centres and projects will largely depend on the level of Covid-19 pandemic and the economic recovery. The operation of the Hospitality and Tourism Academy will also serve as own revenue in terms of its Hotel Operations and further depend on the opening of the Tourism Sector in terms of guests and visitors.

ACKNOWLEDGEMENT/S OR APPRECIATION

I would like to express my sincere gratitude to the MEC of Education, Mr. B Majuba, and HOD for their unwavering support to the entity throughout the period under review and the continuation in the future. Furthermore, I would like to express my appreciation to various SETAS that the entity works with (CETA, MERSETA, CATHSETA, AgriSETA) and Government Departments, State Owned Entities and Municipalities, I furthermore wish to take this opportunity to thank the Board of Directors and its Committees for their continual support and guidance in ensuring that the entity meets its set objectives and fulfils its mandate. I would like to acknowledge the determination and hard work and contributions by MRTT employees to the successors of the entity during the prevailing conditions.

OTHER INFORMATION THAT NEEDS TO BE COMMUNICATED TO USERS OF AFS

No other additional information has to be communicated to the users of financial information except the above information as provided.

Mr MS Makgoba
Acting Chief Executive Officer
Mpumalanga Regional Training Trust

6. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor General South Africa (AGSA).

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Recognised Accounting Practices (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 that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully

Mr MS Makgoba
Acting Chief Executive Officer
Mpumalanga Regional Training Trust
Date:

Ms TE Mawelele
Acting Chairperson: MRTT Board of Directors
Mpumalanga Regional Training Trust
Date:

7. STRATEGIC OVERVIEW

7.1 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.

7.2 VISION

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

7.3 MISSION

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

7.4 VALUES

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

8. LEGISLATIVE AND OTHER MANDATES

8.1 CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) Section 29 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 provision of further education and training (FET).

8.2 LEGISLATIVE AND POLICY MANDATES

Mpumalanga Regional Training Trust (MRTT) is a schedule 3C Non-Profit company in terms of the Public Finance Management Act (PFMA), Act No.1 of 1999 and is listed as a public entity. Furthermore, it is registered in terms of the Companies Act, 2008 (Act No.71 of 2008) reporting to the MEC for Education in the Mpumalanga Province through the Board of Directors as the accounting authority in terms of the Act.

MRTT is mandated to develop the human resource base of the Mpumalanga Province through the provision of experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training. The focus is to empower learners, primarily the disadvantaged communities in particular the youth, industry workers and government employees, to participate in the broader economic sphere of the province.

MANDATE	PURPOSE
Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996)	Section 29 of the Constitution requires education to be transformed and democratised in accordance with the values of human dignity, human rights and freedom, as well as non-racism. Guarantees basic education for all, with the provision that everyone has the right to basic education, including adult basic education and provision of further education and training (FET).
Skills Development Act, 1998 (Act No. 97 of 1998)	The act is aimed at increasing the skills levels of human resources in the workplace and, in addition, to support career pathing.
South African Qualifications Authority Act,1996 (Act No. 58 of 1996)	Provides for the development and implementation of the National Qualification Framework and for this purpose to establish the SAQA, and to provide for matters connected therewith.
Labour Relations Act, 1995 (Act No. 66 of 1995)	Regulates the organisational rights of trade unions, promotes, and facilitates collective bargaining at the workplace and at sectoral level. The act is aimed at promoting and maintaining sound labour practices.
Public Finance Management, 1999 (Act, No. 1 of 1999)	Regulates financial management and ensures that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively; provides for the responsibilities of persons entrusted with financial management in the government; and provides for matters connected therewith.
Companies Act, 2008 (Act No. 71 of 2008)	Provides for the incorporation, registration, organisation and management of companies. In addition, it provides for equitable and efficient mergers and takeovers of companies.
Employment Equity Act, 1998 (Act No. 55 of 1998)	Promotes the constitutional right of equality and the exercise of true democracy; eliminates unfair discrimination in employment; ensures the implementation of employment equity to redress the effects of discrimination.
Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	Gives effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; and to provide for matters connected therewith.

MANDATE	PURPOSE
Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; 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.

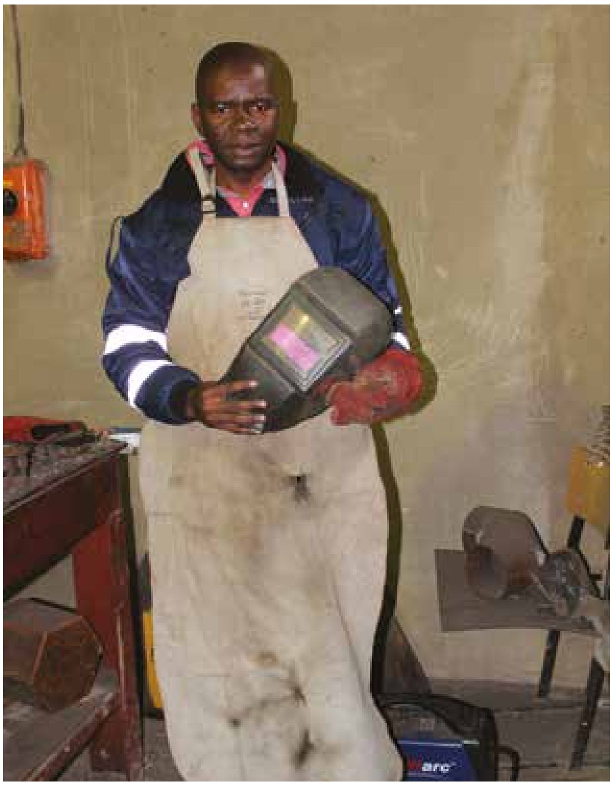
OTHER LEGISLATIVE FRAMEWORKS

- 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 Companies Act, 2009 (Act. 71 of 2008, with registration number 1993/006132/08.
- Registered and a constituent member of the Education, Training and Development Practitioner Sector Education Training Authority (ETDPSETA) 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

MRTT ACCREDITATION STATUS

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

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

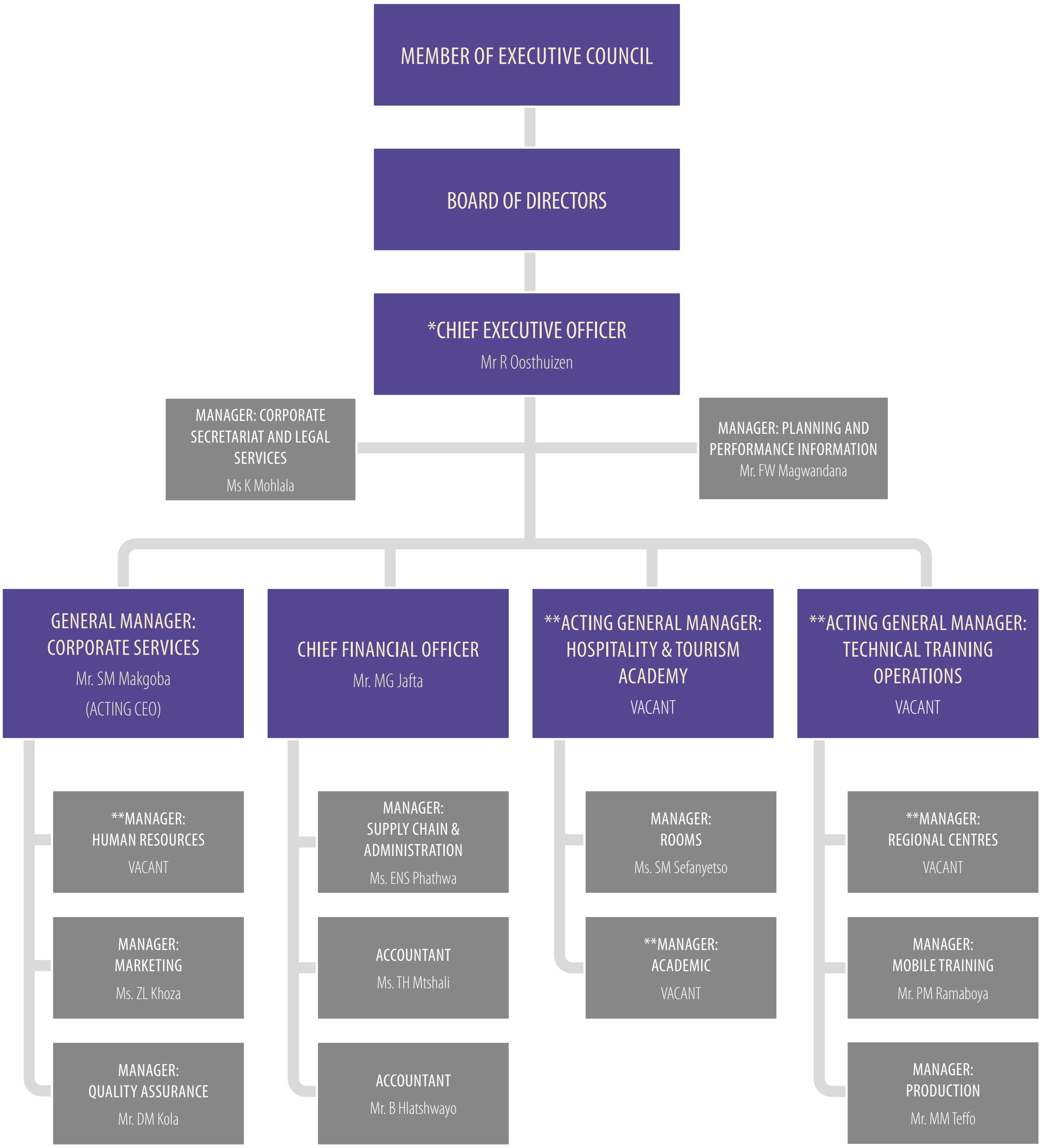


INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

Over the past reporting period, the entity reviewed all its policies to strengthen its governance and management processes. These policies were reviewed and consulted with all stakeholders within the entity and approved through the governance structures of the entity before board approval. Some of the policies that were reviewed are:

- Supply Chain Management policies
- Quality Assurance policies
- Asset Management policies
- Financial Management policies
- ICT Strategy and Governance framework, and
- Records Management policies

9. ORGANOGRAM



*The CEO was placed on precautionary suspension

**Positions are currently vacant, but there are officials acting in them

MRTT

10. MEMBERS OF THE BOARD OF DIRECTORS

TE MAWELELE
ACTING CHAIRPERSON

JH MATHABE
NON-EXECUTIVE DIRECTOR

PP MAOKO
NON-EXECUTIVE DIRECTOR

TR MOKGOSHI
NON-EXECUTIVE DIRECTOR

B SIBANYONI
NON-EXECUTIVE DIRECTOR

MI TIBANE
NON-EXECUTIVE DIRECTOR

BM SINGWANE
NON-EXECUTIVE DIRECTOR

GA DEINER
NON-EXECUTIVE DIRECTOR

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

***R OOSTHUIZEN**
CHIEF EXECUTIVE OFFICER
EX- OFFICIO

*The CEO was placed on precautionary suspension

11. SENIOR MANAGEMENT

***R OOSTHUIZEN**
CHIEF EXECUTIVE OFFICER

SAMMY M MAKGOBA
GENERAL MANAGER:
CORPORATE SERVICES
ACTING CHIEF EXECUTIVE OFFICER

MBUYISENI G JAFTA
CHIEF FINANCE OFFICER

ZANELE L KHOZA
ACTING GENERAL MANAGER:
TECHNICAL TRAINING OPERATIONS

BONGANI HLATSHWAYO
ACTING GENERAL MANAGER:
HOTEL AND TOURISM ACADEMY

*The CEO was placed on precautionary suspension

12. MANAGEMENT

GERALD MOKWANA
ACTING MANAGER:
TECHNICAL TRAINING

SIMPHIWE SHUNGE
ACTING MANAGER: MARKETING
*ACTING GENERAL MANAGER:
CORPORATE SERVICES

SARAH SEFANYETSO
MANAGER: ROOMS

NTOMBENHLE ES PHATHWA
MANAGER: SUPPLY CHAIN
MANAGEMENT

PAUL RAMABOYA
MANAGER: MOBILE TRAINING

BOTHA NKOSI
ACTING MANAGER: COMPREHENSIVE
RURAL DEVELOPMENT

WILSON MAGWANDANA
MANAGER: PLANNING &
PERFORMANCE INFORMATION

KEDIBONE MOHLALA
MANAGER: LEGAL SERVICES &
COMPANY SECRETARY

DAN KOLA
MANAGER:
QUALITY ASSURANCE

MARCUS TEFO
MANAGER:
PRODUCTION

SIMON MABENA
ACTING MANAGER:
HUMAN RESOURCES

NOBUHLE NZAMA
ACTING MANAGER:
ACADEMIC

*The CEO was placed on precautionary suspension and the GM: Corporate Services is acting as CEO

PART B
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 65 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. SERVICE DELIVERY ENVIRONMENT

In its efforts to implement its mandate, the entity developed an annual performance plan (APP 2020-21), with the guidance of its Board of Directors and the oversight of the MEC of Education in the province of Mpumalanga. Because of the unusual circumstances of the 2020/21 financial year, the entity had to re-table the APP 2020-21 around September 2020, to factor-in issues of the COVID-19 pandemic, and how it was to deal with the new normal and its repercussions. This financial year was a very difficult year, as the pandemic resulted in a national lockdown to curb the spread of the COVID-19 pandemic. This was further exacerbated by restrictions such as social distancing and minimising the number of people in certain areas, mostly indoors. That affected the number of learners that the entity could accommodate in its centers and workshops at a given time for training, which mostly relied on physical interactions.

However, notwithstanding all the challenges, the entity was able to continue with its work and pursuing the achievement of its mandate. Over this period, the entity assisted the Department of Education with installing the following projects, some of which continued into the new financial year.

NO	PROJECT NAME	TOTAL NUMBER OF SCHOOLS	PROJECT VALUE	PROJECT SCOPE OF WORK
1	COVID-19 Drinking Fountains	124 Schools across the province	R 5.1 million	To construct brick-wall drinking fountains with hand wash basins to 124 schools to ensure access to water for schools in response to COVID-19 pandemic
2.	COVID-19 Deep-Cleansing	249 Schools across the province	R 2.9 million	To conduct deep cleansing of waterborne, enviro-loo/pit-toilets using bio-degradable chemicals in various schools around the province through secured service providers in response to COVID-19 pandemic
3	Water Tanks Installation project	47 schools across the province	R 400 000	To construct water tank stands and install water tanks in various schools to ensure access to water in identified schools in response to COVID-19 pandemic
4	COVID-19 Vandalised schools projects	143 Schools across the province	R 3 095 000	To conduct assessment and repairs on various schools damaged and vandalised during the COVID-19 period. Project is still being implemented
5	21 Schools on Water and Sanitation	21 schools on Water & Sanitation related operations & maintenance	R 9.6 million	To conduct repairs and refurbishment on various schools in ensuring access to water in response to COVID-19 challenges. Projects were on hold for a few months and commenced again in Dec/Jan and are currently still being implemented
6	Masinakane Special School project	01 school	R 323 289.73	To convert waterborne toilet facilities and add showers for school to be used as an interim boarding facility

These projects were very crucial in giving the learners within the entity the much-required opportunity to access work-integrated learning and for revenue generation for the entity.

Because of the impact of the pandemic on the operations of the entity and the restrictions on the number of learners that the entity could accommodate, the entity had to reduce its learner numbers so that it could ensure compliance to COVID-19 restrictions. The entity thus had a target of 1 253 learners for the financial year, which was a reduction of 2 377, from the target of 3 630 in the previous financial year. Out of the learner target of 1 253 for the 2020-21 financial year, the entity managed to train 1 227 with a variance of 26 learners from the target. This is a great achievement considering the budget cuts and the challenges posed by the pandemic during this financial year. This shows the commitment and dedication of the entity to implement its mandate and change the lives of the out-of-school and disadvantaged young people of the province.

The entity continued with the rolling out of the Comprehensive Rural Development Programme (CRDP). This programme provides skills to many learners within their localities without them having to incur the costs of travelling to the training centers and workshops of the entity. This programme was also greatly affected by the budget cut, as its learner target had to be reduced from a target of 720 in the previous financial year to 160 in the 2020-21 financial year.

As part of the implementation of the Mpumalanga Innovation and Skills Hub (MISH), the skills hub was finally registered and three founding members from the board of the entity were appointed. These three members will provide oversight on the processes of the implementation of the MISH. A tender was advertised for the project management development, architectural and costing of the MISH, the tender has been awarded and the service provider will commence in the next financial year.

Administratively, the entity had to put together a COVID-19 Steering Committee, to ensure that all the protocols were observed and to curb the spread of the pandemic within the workplace. A work plan was also put together to rotate officials within all workplaces of the entity.

2.2. ORGANISATIONAL ENVIRONMENT

Following the implementation of the Corporate Strategy, the entity embarked on a process of developing an organisational structure, which was to be aligned to the Corporate Strategy and enhance the achievement of the four pillars of the Corporate Strategy, skills development, funding, strategic partnerships and institutional strengthening. The process was ultimately halted due to financial constraints because of the huge budget cut.

During this period, the entity did not experience any resignations among its key leadership in the form of the Chief Executive Officer, Chief Financial Officer and the General Managers. This provided the entity with stability within the top management structure. There were suspensions that took place over the period and the officials returned to duty, however the CEO remains on suspension.

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. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

This annual report was the beginning of the planning cycle of the 2020 – 2025 planning cycle, this annual report, reports on a very critical time of the pandemic. The entity held a strategic planning session to evaluate and assess the progress made towards achieving its long terms goals. The entity is content with the significant progress that has been made in achieving the entity's set impact statements. The achievement of the impact and outcomes are central to the achievement of the priorities of the sixth (6th) administration, and the pronouncements made by the Hon Premier at the beginning of the financial year.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

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

The programme has been divided into the following sub-programmes:

- Sub programme 1.1: Academic
- Sub programme 1.2: Rooms
- Sub programme 1.3: Food and Beverage

OUTCOME	Provision of theoretical and practical skills training
OUTCOME STATEMENT	To provide theoretical and practical skills training to 700 learners by 2021.

OUTCOME	Graded and accredited accommodation services and workplace training
OUTCOME STATEMENT	Provision of graded and accredited accommodation services for income generation and learner workplace training by 2021.

OUTCOME	Graded and accredited Food and Beverage services and workplace training
OUTCOME STATEMENT	Provision of graded accredited Food and Beverage services for income generation and learner workplace training by 2021.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

For this period under review, the programme struggled to carry out its work, especially in the first and second quarter of the financial year, due to the COVID-19 pandemic. The lockdown and the restrictions to curb the spread of the virus had a serious and negative impact on training. However, the programme has been able to provide theoretical and practical skills training to the learners who were registered for the financial year. The facility that the entity utilises, which is the hotel and tourism academy, remained graded and accredited and therefore learners we coached and mentored in an accredited environment. The programme was able to achieve all of its targets and indicators, **87 learners** were trained over the period, received coaching and mentoring using the hotel for training on accommodation and food and beverages. In addition, **31 learners** were trained on South African Qualifications Authority (SAQA) registered learning programmes in hospitality studies. All these learners received coaching and mentoring. The coaching and mentoring focused on culinary and hotel operations.

Some training did not take place due to COVID-19 lockdown restrictions and regulations, due to the HTA being used by the provincial government in the province as a quarantine facility for people who tested positive to COVID-19. It is also important to note that the entity uses the hotel facilities such as the rooms and conference facilities to generate an income for the entity while training learners at the same time.

The achievement of these indicators is critical in achieving the outcome statements of the entity and achieving the vision of the entity. Most of the learning programmes of the entity through this programme focus on young people, and they mostly accommodate women, going forward the entity will try to increase accessibility of its programmes to people living with disabilities. Partnerships will be forged with institutions that work with people living with disabilities so that they can also be recruited into these learning programmes.

Table 2.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 (Quarter 1) until date of re-tabling.

PROGRAMME / SUB-PROGRAMME: ACADEMIC									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Provision of theoretical and practical skills training	Learners trained in SAQA registered programmes Culinary studies	**PPI101:** Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	100 learners	100 learners	100 learners	89 learners registered	11 learners	Variance due to less learners registering for culinary studies.	The targets were revised as it was impractical to achieve them due to the COVID-19
		PPI102: Number of learners to receive training in SAQA registered learning programmes in Hospitality studies	23 learners	20 learners	30 learners	41 learners registered	11 learners	Variance was due to high demand for the F&B Programme	The targets were revised due to the budget cut
PROGRAMME / SUB-PROGRAMME: ROOMS									
Coaching and mentoring of learners in a graded and accredited accommodation	Learners coached and mentored in the workplace	**PPI103:** Number of learners to receive customised skills training programmes in Hospitality Studies	41 learners	22 learners	30 learners	0	30 learners	Variance was due to the suspension of the recruitment for learners due to COVID-19 restrictions	Indicator was revised and removed due to the budget cut
		PPI 104: Percentage of learners receiving coaching and mentoring in the workplace	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	0	100% of learners not trained in Academic	Unavailability of learners for coaching and mentoring due to COVID-19	The indicator has not been revised
PROGRAMME / SUB-PROGRAMME: FOOD AND BEVERAGE									
Graded and accredited Food and Beverage services and workplace training	Accredited food and beverage services	**PPI 105:** Percentage of learners receiving coaching and mentoring in the workplace	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in academic	0	100% of learners not trained in academic	Unavailability of learners for coaching and mentoring due to COVID-19	The indicator has not been revised
		PPI106: Percentage of learners receiving coaching and mentoring in the workplace. (Hotel Operations)	100% of learners trained in academic	100% of learners trained in academic	100% of learners trained in academic	0	100% of learners not trained in academic	Unavailability of learners for coaching and mentoring due to COVID-19 restrictions	The indicator has not been revised

Table 2.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year

PROGRAMME / SUB-PROGRAMME: ACADEMIC								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Provision of theoretical and practical skills training	Learners trained in SAQA registered programmes Culinary studies	**PPI101:** Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	100 learners	100 learners	80 learners	86 learners	6 learners	Variance due to more than anticipated demand and interest in the course
		PPI102: Number of learners to receive training in SAQA registered learning programmes in Hospaitality studies	23 learners	20 learners	20 learners	30 learners	10 learners	Variance due to more than anticipated demand and interest in the course
PROGRAMME / SUB-PROGRAMME: ROOMS								
Coaching and mentoring of learners in a graded and accredited accommodation	Learners coached and mentored in the workplace	**PPI 103:** Percentage of learners receiving coaching and mentoring in the workplace	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners were trained in Academic	-	-
PROGRAMME / SUB-PROGRAMME: FOOD AND BEVERAGE								
Graded and accredited Food and Beverage services and workplace training	Accredited food and beverage services	**PPI 104:** Percentage of learners receiving coaching and mentoring in the workplace (Culinary)	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners were trained in academic	-	-
		PPI105: Percentage of learners receiving coaching and mentoring in the workplace. (Hotel Operations)	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners were trained in academic	-	-

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the financial year under review, this programme, through its three sub-programmes achieved all its performance indicators and targets and there was no under-performance. Processes will be put in place to ensure that this programme continues to achieve its targets and offer hospitality courses to learners within the province. It is also important to note that during the first six months of the pandemic, the hotel was used as a quarantine facility; this meant that learners were not able to train. While the hotel was used as a quarantine facility, the entity was able to generate some revenue.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1	2019/2020			2020/2021		
	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	4 573	3 663	910	5 890	4 729	1 161
Rooms	13 599	10 132	3 467	4 851	3 401	1 450
Food and Beverage	4 370	2 921	1 449	11 169	10 757	412
TOTAL	**22 542**	**16 716**	**5 826**	**21 910**	**18 887**	**3 023**

3.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

Programme Purpose: Develop skills in construction, manufacturing, metal trades, agriculture, and mechanical, electrical and related trades, including the provision of workplace training.

The programme has been divided into the following sub-programmes:

- Sub programme 2.1: Training Centres
- Sub programme 2.2: Mobile Training
  - Sub programme 2.2.1: Comprehensive Rural Development Programme
- Sub programme 2.3: Technical Production

OUTCOME	Accredited skills training and qualification programmes
OUTCOME STATEMENT	To provide accredited construction, manufacturing and engineering related, and agricultural skills training to 5 200 learners through institutional training by 2021

OUTCOME	Artisan development
OUTCOME STATEMENT	To train 3 000 learners in artisan development programmes focusing on Construction, Manufacturing and Engineering related trades by 2021.

OUTCOME	Customised, specialised and accredited skills training
OUTCOME STATEMENT	To provide customised, specialised and accredited construction, manufacturing and engineering skills training to 2 000 learners and 2 000 learners in Learnerships and apprenticeships through mobile training by 2021.

OUTCOME	Comprehensive Rural Development Programme (CRDP)
OUTCOME STATEMENT	Provision of accredited Building & Civil construction and Agricultural skills training to 3 600 learners through CRDP by 2021.

OUTCOME	Provision of mentoring & coaching for workplace integrated learning
OUTCOME STATEMENT	Management of production projects for income generation and workplace training of 965 learners by 2021.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Technical Training Operations as a programme, is responsible for training of learners on technical skills such as production, engineering, motor mechanic and electrical courses. Over the period under review, this programme was greatly affected by the COVID-19 pandemic throughout its centres. Most of the training provided by this programme is offered on a face-to-face basis and this was very difficult during this period. However, the programme had put together COVID-19 pandemic protocols and ensured that learners were able to receive their training, while observing all protocols such as the social distancing and washing of hands.

The programme provided great assistance to the Department of Education in the province during this period to implement COVID-19 projects in 124 schools during the installation of water fountains for learners to use for washing their hands during this pandemic. The entity also assisted the department in the maintenance of enviro-loo toilets to 249 schools within the province. These projects provided much needed work integrated learning and experience to many of the learners within the entity especially during this time when companies are not forthcoming to assist with this component of training.

The work done by this programme contributes greatly to the mandate of the entity, its vision and the outcome statements. The more learners that receive training, the more the entity can be able to achieve its mandate and this programme assists in that regard.

Table 3.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: TRAINING CENTRES								
Accredited skills training and qualifications programmes.	Learners trained in accredited programmes	**PPI 201:** Number of learners to receive accredited or customised institutional training	1 100 learners to be trained in Construction, manufacturing and engineering skills	1 100 learners to be trained in Construction, manufacturing and engineering skills	800 learners	0	800 learners	No learners were registered and trained during this quarter due to the COVID-19 lockdown
Learnerships and Apprenticeships	Learners placed for integrated workplace learning	**PPI 202:** Number of learners placed for integrated workplace learning	400 learners	400 learners	400 learners	22 Learners placed for workplace integrated learning	378 learners	Indicator was revised due to the re-tabling of the APP
	Learners on RPL and Trade Testing	**PPI 203**: Number of candidates on RPL and Trade Testing	50 candidates	50 candidates	50 candidates	0	50 candidates	The indicator has not been revised
PROGRAMME / SUB-PROGRAMME: MOBILE TRAINING								
Customised, specialised and accredited skills training	Learners receiving training on customised skills	**PPI 204:** Number of learners who receive Customised or Skills Programmes	400 learners	400 learners	400 learners	0	400 learners	The indicator has been revised due to re-tabling
Learnership and Apprenticeships	Learners trained on Learnership and Apprenticeship	**PPI 205:** Number of learners trained on Learnership and Apprenticeships towards 21st Century Artisan Development	400 learners	400 learners	400 learners	0	400 learners	The indicator has been revised due to re-tabling
Provision of workplace training	Learners on workplace training and incubation programme	**PPI 206:** Number of learners targeted for workplace opportunities and incubation programme.	200 learners	200 learners	200 learners	0	200 learners	The indicator has been revised due to re-tabling
PROGRAMME / SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)								
Comprehensive Rural Development Programme (CRDP)	Learners trained on the CRDP programmes	**PPI 207:** Number of learners receiving accredited training through skills programmes	720 learners targeted for accredited training in Technical and Agricultural related trades	720 learners targeted for accredited training in Technical and Agricultural related trades.	560 learners	0	560 learners	The indicator has been revised due to re-tabling
Provision of workplace training through secured projects	Learners receiving coaching and mentoring	**PPI 208:** Number of learners coached and mentored in the workplace	200 learners	200 learners	250 learners	87 learners	163 learners	This indicator was not revised
	Projects secured	**PPI 209:** Number of projects secured for income generation	R7 413 254	R7 413 254	4 projects	1 project	3 projects	This indicator was not revised

Table 3.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21financial year

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: TRAINING CENTRES								
Accredited skills training and qualifications programmes.	Learners trained in accredited programmes	**PPI 201:** Number of learners to receive accredited or customised institutional training	1 100 learners to be trained in Construction, manufacturing and engineering skills	1 100 learners to be trained in Construction, manufacturing and engineering skills	300 learners	312 learners	12 learners	More learners showed an interest in the training programmes and the availability of space and budget to accommodate more learners
	Learners on RPL and Trade Testing	**PPI 202:** Number of candidates on RPL and Trade Testing	50 candidates	50 candidates	50 candidates	61 candidates	11 candidates	Availability of more learners who qualified for RPL
PROGRAMME / SUB-PROGRAMME: MOBILE TRAINING								
Learnership and Apprenticeships	Learners trained on learnership and apprenticeship	**PPI 203:** Number of learners trained on learnership and Apprenticeships towards 21st Century Artisan Development	400 learners	400 learners	345 learners	285 learners	60 learners	Variance was due to absconsions and learners who competed in Q3
Provision of workplace training	Learners on workplace training and incubation programme	**PPI 204:** Number of learners targeted for workplace opportunities and incubation programme.	200 learners	200 learners	80 learners	83 learners	3 learners	Variance was due to availability of more opportunities to place learners for incubation
PROGRAMME / SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)								
Comprehensive Rural Development Programme (CRDP)	Learners trained on the CRDP programmes	**PPI 205:** Number of learners receiving accredited training through skills programmes	720 learners targeted for accredited training in Technical and Agricultural related trades	720 learners targeted for accredited training in Technical and Agricultural related trades.	160 learners	161 learners	1 learner	Variance was due to availability of space and budget to train
Provision of workplace training through secured projects	Learners receiving coaching and mentoring	**PPI 206:** Number of learners coached and mentored in the workplace	200 learners	200 learners	200 learners	211 learners	11 learners	Variance was due to the use the DoE projects to offer coaching and mentoring to more learners
	Projects secured for revenue generation	**PPI 207:** Number of projects secured for income generation	R7 413 254	R7 413 254	4 projects	5 projects	1 project	Variance was due to projects by the DoE on infrastructure and sanitation, which were used for income generation

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the period under review, the programme under-performed in one indicator on apprenticeship and learnerships and this was mainly caused by abscontions from the learning programmes. Mostly, the reasons for the abscontions are beyond the control of the entity, such as ill health and offers of employment from other companies. However, going forward, the entity will encourage learners to complete their training and get their qualifications.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2	2019/2020			2020/2021		
	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 centres	22 272	16 536	5 736	39 182	35 849	3 333
Artisan Development	8 426	0	8 426	132 958	126 616	6 342
Mobile	15 212	13 580	1 632	25 601	24 320	1 281
CRDP	8 055	5 195	2 860	29 339	20 812	8 527
Technical Production	47 393	14 566	32 827	7 014	7 043	-29
TOTAL	**101 358**	**49 877**	**51 481**	**234 094**	**214 640**	**19 454**

3.3. PROGRAMME 3: CORPORATE SERVICES

Programme Purpose: Provision of administrative support, coordination of quality processes, financial function, sound human resource development and marketing strategies. Monitoring and evaluation of organisational performance and good corporate governance.The programme has been divided into the following sub-programmes:

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

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

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

OUTCOME	Increased learner intake
OUTCOME STATEMENT	Increase learner intake of MRTT training programmes through 80 career exhibitions, 60 school visits and 12 training projects by 2021.

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

OUTCOME	Human Resource Management
OUTCOME STATEMENT	To attract and retain best talent and support employee advancement through professional development, career development of 50 employees and effectively implement the performance management system by 2021.

OUTCOME	Legal and Secretarial Management
OUTCOME STATEMENT	To manage the company's Legal and Secretarial sections in accordance with best practices and legal requirements and facilitate quarterly Board Committee meetings in line with the Companies Act. 71 of 2008

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

Table 4.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: QUALITY ASSURANCE								
Assuring quality of training	Audits conducted on training interventions	**PPI 301:** Number of audits conducted on training interventions	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review.	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review.	4 Audits conducted	0	4 audits not conducted	The indicator has not been revised
	QMS policies and procedures reviewed	**PPI 302:** Number of QMS policies and procedures reviewed in line with ISO 9001: 2015	Review 8 QMS procedures to ISO 9001: 2015	Review 8 QMS procedures to ISO 9001: 2015	Review 8 QMS policies and procedures	Reviewed 2 QMS procedures to ISO 9001: 2015 on learner entry & non conformance	6 QMS policies and procedures not reviewed	The indicator has not been revised
	Training programmes approved and renewed	**PPI 303:** Number of Accredited training programmes approved and renewed with relevant SETAs	Maintained 3 programme approvals with MerSETA, EWSETA and. AgriSETA	Maintained 3 programme approvals with MerSETA, EWSETA and. AgriSETA	Renew and maintain primary accreditation with the relevant SETA	Maintained 2 Programme approvals with MerSETA and AgriSETA	1 programme approval not maintained	The indicator has not been revised
			Maintain 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA.	Maintain 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA	Renew and maintain programme approval with relevant SETAs	Maintained 1 Primary accreditation with CETA and CATHSSETA	-	-
Assuring quality of training	Learning programmes are registered prior to offering	**PPI 304:** Number of learning programmes offered, registered with the relevant SETA	Ensure 100% of learning programmes offered are registered.	Ensure 100% of learning programmes offered are registered	100% learning programmes offered facilitated for registration with SETA	Registered 0% of learning programmes	Previously used learning programmes were used	The indicator has not been revised
PROGRAMME / SUB-PROGRAMME: FINANCE								
Clean Audit opinion	Achieving an unqualified audit opinion	**PPI 305:** Percentage of revenue collected annually	80% Revenue to be collected.	80% Revenue to be collected.	90% Revenue collected	70% revenue collected	20% revenue under collected	The indicator has not been revised
	Payment of suppliers within 30 days	**PPI 306:** Percentage of creditors paid within 30 days of receipt of a valid invoice	100% payment of all creditors within 30 days of receipt of invoice	100% payment of all creditors within 30 days of receipt of invoice	100% creditors paid within 30 days of receipt of a valid invoice	All creditors were paid within 30 days of receipt of a valid tax invoice	-	-
	Maintenance of a complete FAR	**PPI 307:** Number of Fixed Assets Registers maintained	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger, and Perform quarterly report	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger	1 Fixed Asset Register maintained	Quarterly physical verification of fixed assets was duly performed, Reconciled to Fixed Asset Register to General Ledger	-	-

Table 4.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1) (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: FINANCE (CONTINUED)								
Clean Audit opinion	Financial Performance Reports submitted	**PPI 308:** Number of Financial Performance Reports submitted	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	4 quarterly financial performance reports submitted to Audit Committee and Board of Directors	First quarter financial performance report was prepared and submitted.	3 quarterly financial performance reports not submitted	The indicator has not been revised
		PPI 309: Number of approved Annual Financial Statements submitted to the Auditor General and Provincial Treasury by the 31 May	Annual Financial Statement were submitted by the 31st of May	Submission of Annual Financial Statement before on/or due date 31st May	1 Approved Annual Financial Statement submitted 31st May	Approved Annual Financial Statements will be submitted to the Auditor General and Provincial Treasury on the 31 July 2020	Submission of annual financial statements by the 31st May	The indicator has not been revised
PROGRAMME / SUB-PROGRAMME: MARKETING								
Increased learner intake	Recruit learners to enrol with the MRTT	**PPI 310:** Number of learner recruitment drives undertaken	6 Learner recruitment advertisements (print/ electronic media)	6 Learner recruitment advertisements (print/ electronic media)	12 Learner recruitment advertisements	0	12 learner recruitment advertisements	The indicator has not been revised
			25 Career & Stakeholder Exhibitions	25 Career & Stakeholder Exhibitions	25 Career Exhibitions	0	25 Career exhibitions	The indicator has not been revised
			Conduct 25 school visits	Conduct 25 school visits	25 school visits	0	25 school visits	The indicator has not been revised
	Corporate advertising	**PPI 311:** Number of corporate advertisements	New indicator	New indicator	12 Corporate advertisements	0	25 Corporate advertisements	The indicator has not been revised
PROGRAMME / SUB-PROGRAMME: ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT								
Administrative Support Management	Advance transformation and support to SMME's	**PPI 312**: Percentage spent increased on BBBEE against the total procurement spent	Ensure all SCM personnel are registered on the Central Supplier Database	Verify TAX compliance of utilised suppliers on the CSD	60% spent on BBBEE	88% spent on BBBEE	28% spent on BBBEE	The indicator was not revised
	Process 100% of requisitions within 15 working days	**PPI 313:** Turnaround time for requisition received	Ensure turnaround time of 20 working days upon receiving a purchase requisition with regard (?) to request for quotation	Process 50% of requisitions received within 20 working days	Process 80% of requisitions received within 15 working days	42,38% requisitions were processed within 15 working days	37,62% variance from the planned target	The indicator was not revised

Table 4.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1) (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT (CONTINUED)								
Administrative Support Management	Maintenance of disaster recovery plan	**PPI 314:** Number of disaster recovery plans maintained	Monitor implementation of the approved ICT strategy	Maintain the disaster recovery plan and business continuity strategy	1 disaster recovery plan maintained	Backups were conducted on a daily basis	-	The indicator was not revised
	Implementation of a record management system	**PPI 315**: Number of records management systems implemented	Monitor the implementation of the approved Records File Plan	Implementation of the approved Records Management System	1 records management system	Records management policies were sent to the Provincial Archives for recommendations and Senior Management for approval and further recommendation to the Board Committees for approval	-	-
PROGRAMME / SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT								
Human Resource Management	HRM strategy developed and approved	**PPI 316**: Number of Human Resource Management strategies developed	New Indicator	New Indicator	1 HRM strategy developed	Draft strategy developed for consultation purpose and inputs	1 HRM strategy developed	The indicator was not revised
	Building capacity on the PM system	**PPI 317:** Number of performance management capacity building/ support sessions conducted	Facilitate the implementation of the Performance Management System	4 Performance Management Capacity Building/ support sessions conducted	4 PMS capacity building sessions conducted	0	PMS capacity building sessions not conducted	The indicator was not revised
	Development of the EE plan and WSP	**PPI 318:** Number of HRM compliance reports and plans submitted to relevant institutions	Update, complete and implement the Workplace Skills Plan [WSP]	01 Workplace Skills plan and Training Report (WSP&ATR) submitted to ETDPSETA	2 HRM compliance plans 1 EE Report submitted	1 Workplace Skills plan 1 Annual Training Report submitted to ETDPSETA	-	The indicator was not revised

Table 4.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1) (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: CEO'S OFFICE								
Legal and Secretarial Management	Provision of legal and secretaries support to the Board and SMCO	**PPI 319:** Adherence and compliance to statutory requirements	Advise the Board of Directors and the Executive Committee on resolutions, company Policies and applicable Legislation Facilitate performance evaluation of the Board of directors, Sign the Board of Directors performance agreements Presentation / Review Memorandum of Incorporation / Board Charter	Advise the Board of Directors and Senior Management on resolutions, company Policies and applicable Legislation Facilitate performance evaluation of the Board of directors and Board Sub-Committees Sign the Board of Directors performance agreements (Shareholders Compact) Provide Training material for Board of Directors and Board Sub-Committees.	Evaluate the performance of the Board Sub-Committees Facilitate the signing of the Board of Directors Shareholders Compact Review of Memorandum of Incorporation and Board Charter. Coordinate training for Board Sub-Committees Presentation / Review Memorandum of Incorporation and Board Charter. Coordinate training and provide training material for Board of Directors and Board Sub-Committees	The Board of Directors Performance agreement (shareholder's compact) was sent to the Chairperson of the Board and the MEC for consideration and signature	Signing of the Performance Agreement of the Board of Directors (shareholder's compact).	The indicator was not revised
	Provide administrative support to the board, committees and management	**PPI 320:** Number of board and senior management meetings coordinated	Facilitate the 12 SMCO; 4 Finance & Remco meetings; 4 Marketing and Technical Meetings; 4 Risk Meetings; 4 Quarterly Audit Committee; and 4 Quarterly Board Committee meetings	Facilitate the 12 SMCO; 4 Risk Management Committee, 4 Finance & Remco meetings; 4 Marketing and Technical Meetings ;4 Audit & Risk Committee and 4 Quarterly Board Committee meetings	12 SMCO, 4 Risk Management Committee, 4 Finance & Remco meetings ;4 Marketing and Technical Meetings ;4 Audit Committee and 4 Quarterly Board meetings	4 Meetings of SMCO, 0 meeting of Finance and Remuneration Committee, 0 Meetings of Audit & Risk Committee, 0 Meetings of Marketing and Technical Committee, 0 Meetings of the Board of Directors	Board meetings, and committee meetings not held	The indicator was not revised
	Provision of legal services to the board and management	**PPI 321:** Number of days to respond to legal matters brought to the legal services	To attend to all Legal Matters within fourteen (14) days.	Attend to all Legal Matters within fourteen (14) days.	Matters responded to within 14 days	All legal matters received were attended to within the fourteen days turn around period.	-	The indicator was not revised

Table 4.4.4.1: Used to report against the originally tabled Annual Performance Plan 2020-21 financial year until date of re-tabling (Quarter 1) (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for revisions to the Outputs / Output indicators / Annual Targets
PROGRAMME / SUB-PROGRAMME: PLANNING AND PERFORMANCE INFORMATION								
Monitoring and Evaluation	Quality reports compiled	**PPI 322:** Number of quarterly and annual reports compiled	Annual report and 4 Quarterly Performance Reports compiled and submitted to the Department of Education.	1 Annual report; and 4 Quarterly Performance Reports compiled and submitted to the Department of Education	1 Annual report 4 Quarterly reports	Draft Annual Report developed 12 Month report developed Q4 Report submitted to DoE	Submission of the Draft AR to the AG was postponed to the 31st July 2020	The indicator was not revised
	Facilitate integrated planning within the entity	**PPI 323:** Number of APPs compiled and planning sessions held	1 Annual Performance Plan (APP) developed and 1 Strategic Planning session held.	1 Annual Performance Plan (APP) developed and 1 Strategic Planning session held.	1 Annual Performance Plan 1 Strategic Planning session held.	APP 2020/21 was developed and circulated	APP 2020/21 was not printed	The indicator was not revised
	Quality and credible reporting	**PPI 324:** Number of performance review sessions conducted by management	4 Quarterly review sessions conducted.	4 quarterly review sessions conducted.	4 quarterly review sessions conducted.	1 Quarterly review session conducted	3 Quarterly review sessions not conducted	The indicator was not revised
	Verification of reported information and evidence	**PPI 325:** Number of physical/ evidence verifications conducted	16 physical Verifications conducted	16 physical Verifications conducted	16 physical verifications conducted	0	4 physical verifications not conducted	The indicator was not revised

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: QUALITY ASSURANCE								
Assuring quality of training	Audits conducted on training interventions	PPI 301: Number of audits conducted on training interventions	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review.	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review.	3 Audits conducted	3 Audits conducted	-	-
	QMS policies and procedures reviewed	PPI 302: Number of QMS policies and procedures reviewed in line with ISO 9001: 2015	Review 8 QMS procedures to ISO 9001: 2015	Review 8 QMS procedures to ISO 9001: 2015	Review 6 QMS policies and procedures	7 QMS policies and procedures were reviewed	1 policy reviewed	Variance was due to the review of policies which were not reviewed in the past due to the COVID-19 pandemic
	Training programmes approved and renewed	PPI 303: Number of Accredited training programmes approved and renewed with relevant SETAs	Maintained 3 programme approvals with MerSETA, EWSETA and. AgriSETA	Maintained 3 programme approvals with MerSETA, EWSETA and. AgriSETA	Renew and maintain primary accreditation with the relevant SETA	Maintained 1 Primary accreditation with CETA and 3 programme approvals with AGRISETA, CATHSSETA & MERSETA	-	-
			Maintain 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA.	Maintain 1 Primary accreditation with CETA & 1 Programme approval with CATHSSETA	Renew and maintain programme approval with relevant SETAs	Maintained 1 Primary accreditation with CETA and CATHSSETA	-	-
	Learning programmes are registered prior to offering	PPI 304: Number of learning programmes offered, registered with the relevant SETA	Ensure 100% of learning programmes offered are registered.	Ensure 100% of learning programmes offered are registered.	100% learning programmes offered facilitated for registration with SETA	Previously registered learning programmes offered were used.	-	-
PROGRAMME / SUB-PROGRAMME: FINANCE								
Clean Audit opinion	Achieving an unqualified audit opinion	PPI 305: Percentage of revenue collected annually	80% Revenue to be collected.	80% Revenue to be collected.	90% Revenue collected	63.5% revenue collected	26.5% revenue not collected	Variance was due to the low economic activities which were brought about by the COVID-19 pandemic

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: FINANCE (CONTINUED)								
Clean Audit opinion	Payment of suppliers within 30 days	**PPI 306:** Percentage of creditors paid within 30 days of receipt of a valid invoice	100% payment of all creditors within 30 days of receipts of invoice	100% payment of all creditors within 30 days of receipts of invoice	100% creditors paid within 30 days of receipt of a valid invoice	All payments to creditors were made within 30 days of receipt of invoice	-	-
	Maintenance of a complete FAR	**PPI 307:** Number of Fixed Assets Registers maintained	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger, and Perform quarterly reporting	Perform quarterly physical verification of fixed assets, Reconcile FAR to General Ledger	1 Fixed Asset Register maintained	1 fixed asset register was maintained	-	-
	Financial Performance Reports submitted	**PPI 308:** Number of Financial Performance Reports submitted	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	4 quarterly financial performance reports submitted to Audit Committee and Board of Directors	4 quarterly performance reports were submitted to audit committee and board of directors	-	-
		PPI 309: Number of approved Annual Financial Statements submitted to the Auditor General and Provincial Treasury by the 31 May	Annual Financial Statements were submitted by the 31st of May	Submission of Annual Financial Statements before on/or due date 31st May	1 Approved Annual Financial Statement submitted 31st May	1 approved annual financial statement submitted by 31st July 2020	AFS were submitted in July as the audit was postponed due to the COVID-19 pandemic	The postponement was as a result of the COVID-19 lockdown restrictions
PROGRAMME / SUB-PROGRAMME: MARKETING								
Increased learner intake	Recruit learners to enrol with the MRTT	**PPI 310:** Number of learner recruitment drives undertaken	6 Learner recruitment advertisements (print/ electronic media	6 Learner recruitment advertisements (print/ electronic media)	8 Learner recruitment advertisements	6 learner recruitment advertisements	2 learner recruitment advertisements	Variance was due to the impact of COVID-19 pandemic restrictions
			25 Career & Stakeholder Exhibitions	25 Career & Stakeholder Exhibitions	18 Career Exhibitions	0 career exhibitions	18 career exhibitions	Variance was due to the impact of COVID-19 pandemic restrictions

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: MARKETING (CONTINUED)								
Increased learner intake	Recruit learners to enrol with the MRTT	**PPI 310:** Number of learner recruitment drives undertaken	Conduct 25 school visits	Conduct 25 school visits	18 school visits	18 school interactions	The entity had to improvise to ensure that information reaches potential learners in various schools	-
	Corporate advertising	**PPI 311:** Number of corporate advertisements	New indicator	New indicator	12 Corporate advertisements	8 corporate advertisements	4 corporate advertisements	Variance was due to the impact of COVID-19 pandemic restrictions
					6 Newsletters published	7 newsletters published	1 newsletter published	Variance was due to an additional newsletter published to keep employees and stakeholders up to date on events happening within the entity and its projects
PROGRAMME / SUB-PROGRAMME: ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT								
Administrative Support Management	Advance transformation and support to SMME's	**PPI 312:** Percentage spent increased on BBBEE against the total procurement spent	Ensure all SCM personnel are registered on the Central Supplier Database	Verify TAX compliance of utilised suppliers on the CSD	60% spent on B-BBEE	79.25% spent on B-BBBEE	19.25 spent on B-BBBEE	Variance was due to efforts by the entity to support B-BBEE companies to ensure their sustainability
	Process 100% of requisitions within 15 working days	**PPI 313:** Turnaround time for requisition received	Ensure turnaround time of 20 working days upon receiving a purchase requisition with; regards to request for quotation	Process 50% of requisitions received within 20 working days	Process 80% of requisitions received within 15 working days	51.34% requisitions were processed within 15 working days	28.66% requisitions not processed within 15 working days	Variance due to the COVID-19 restrictions as officials were unable to access the server and technical errors in efforts to access the server remotely

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT (CONTINUED)								
Administrative Support Management	Maintenance of disaster recovery plan	**PPI 314:** Number of disaster recovery plans maintained	Monitor implementation of the approved ICT strategy	Maintain the disaster recovery plan and business continuity strategy	1 disaster recovery plan maintained	1 disaster recovery plan maintained	-	-
	Implementation of a record management system	**PPI 315:** Number of records management systems implemented	Monitor the implementation of the approved Records File Plan	Implementation of the approved Records Management System	1 records management system implemented	1 records management system implemented	-	-
PROGRAMME / SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT								
Human Resource Management	HRM strategy developed and approved	**PPI 316:** Number of Human Resource Management strategies developed	New Indicator	New Indicator	1 HRM strategy developed	Draft HRM strategy developed	HRM strategy not approved	Variance was due to consultation processes being delayed by COVID-19 restrictions
	Building capacity on the PM system	**PPI 317:** Number of performance management capacity building/ support sessions conducted	Facilitate the implementation of the Performance Management System	4 Performance Management Capacity Building/ support sessions conducted	3 PMS capacity building sessions conducted	3 PMS capacity building sessions conducted	-	-
Human Resource Management	Development of the EE plan and WSP	**PPI 318:** Number of HRM compliance reports and plans submitted to relevant institutions	Update, complete and implement the Workplace Skills Plan [WSP]	01 Workplace Skills plan and Training Report (WSP&ATR) submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA 1 EE plan and EE report submitted to Dept. of Employment and Labour	1 WSP and ATR submitted to ETDPSETA EE plan and EE report submitted to DoEL	-	-
Human Resource Management	New organisational Structure developed and aligned to the new corporate strategy	**PPI 319:** Number of new organisational structures developed and aligned to the new corporate strategy	New Indicator	New Indicator	01 new organisational structure developed and aligned to the new corporate strategy	Organisational structure not developed and approved	Completion and approval of the organisational structure	Variance due to the process being halted due to financial constraints

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: CEO'S OFFICE								
Legal and Secretarial Management	Provision of legal and secretaries support to the Board and SMCO	**PPI 320:** Adherence and compliance to statutory requirements	Advise the Board of Directors and the Executive Committee on resolutions, company Policies and applicable Legislation performance evaluation of the Board of directors, Sign the Board of Directors performance agreements Presentation / Review Memorandum of Incorporation / Board Charter. Provide Training material for Board of Directors and Board Sub-Committees.	Advise the Board of Directors and Senior Management on resolutions, company Policies and applicable Legislation Facilitate performance evaluation of the Board of directors and Board Sub-Committees Sign the Board of Directors performance agreements (Shareholders Compact) Presentation / Review Memorandum of Incorporation and Board Charter. Coordinate training and provide training material for Board of Directors and Board Sub-Committees	Evaluate the performance of the Board Sub-Committees Facilitate the signing of the Board of Directors Shareholders Compact Review of Memorandum of Incorporation and Board Charter. Coordinate training for Board Sub-Committees	Board members and senior management were provided with advice on legislation and policies Evaluation of the performance of Board members was conducted and sub-committees of directors Board performance agreements (Shareholders Compact) were signed Presentation / Review Memorandum of Incorporation and Board Charter was conducted Training materials were provided to board members	-	-
Legal and Secretarial Management	Provide administrative support to the board, committees and management	**PPI 321:** Number of board and senior management meetings coordinated	Facilitate the 12 SMCO, 4 Finance & Remco meetings ;4 Marketing and Technical Meetings ;4 Risk Meetings 4 Quarterly Audit Committee and 4 Quarterly Board Committee meetings	Facilitate the 12 SMCO, 4 Risk Management Committee, 4 Finance & Remco meetings ;4 Marketing and Technical Meetings ;4 Audit & Risk Committee and 4 Quarterly Board Committee meetings,	12 SMCO, 4 Risk Management Committee, 4 Finance & Remco meetings ;4 Marketing and Technical Meetings ;4 Audit Committee and 4 Quarterly Board meetings	SMCO – 18 REMCO – 6 Marketing - 5 Risk – 5 Audit & R – 9 Board – 9	20 meetings	Additional meetings were held by various structures to consider AFS, AR and to deal with urgent matters related to operations and COVID-19
	Provision of legal services to the board and management	PPI 322: Number of days to respond to legal matters brought to the legal services	To attend to all Legal Matters within (14) fourteen days.	Attend to all Legal Matters within fourteen (14) days.	Matters responded to within 14 days	Legal matters attended to within 14 days	-	-

Table 4.4.4.2: Report against the re-tabled Annual Performance Plan 2020-21 financial year (continued)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: PLANNING AND PERFORMANCE INFORMATION								
Monitoring and Evaluation	Quality reports compiled	PPI 323: Number of quarterly and annual reports compiled	Annual report and 4 Quarterly Performance Reports compiled and submitted to the Department of Education.	1 Annual report; and 4 Quarterly Performance Reports compiled and submitted to the Department of Education	1 Annual report 4 Quarterly reports	1 Annual Report compiled 12-month report developed 4 quarterly reports submitted	12 month report	Variance was due to the consolidation of annual performance
	Facilitate integrated planning within the entity	PPI 324: Number of APPs compiled and approved	1 Annual Performance Plan (APP) developed and 1 Strategic Planning session held.	1 Annual Performance Plan (APP) developed and 1 Strategic Planning session held.	1 Annual Performance Plan	1 APP 2020/21 developed and tabled Draft APP 2021/22 developed, and tabled	Draft APP 2021/22 developed and tabled	Variance is due to compliance to the framework
Monitoring and Evaluation	Quality and credible reporting	PPI 325: Number of performance review sessions conducted by management	4 Quarterly review sessions conducted.	4 quarterly review sessions conducted.	4 quarterly review sessions conducted.	4 quarterly review sessions conducted	-	-
	Verification of reported information and evidence	PPI 326: Number of physical/ evidence verifications conducted	16 physical Verifications conducted	16 physical Verifications conducted	12 physical verifications conducted	11 physical verifications conducted	1 physical verification not conducted	Variance was due to the COVID-19 restrictions

ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB

The Design and Development Phase has commenced after registration with the bidding and procurement processes for the business plan. A tender was awarded for the architectural, project management development and costing for the skills hub. The skills hub has also been registered as the Mpumalanga Innovation and Skills Hub (MISH). Three members from the MRTT board have been appointed as founding members for the MISH to provide guidance and ensure governance processes are adhered to.

South 32 is considering the renovations of the MRTT house in eMalahleni. South 32 has agreed to participate and sponsor the renovations of the MRTT house as a temporary business premises for the MISH.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the period under review, the programme was unable to achieve certain targets such as the school visits, career exhibitions, and corporate advertisements. These plans were mostly affected by the COVID-19 pandemic restrictions and regulations to curb the spread of the pandemic as they mostly depend on physical interactions between the entity and its potential learners. These are part of the learner recruitment drives that the entity engages on to recruit learners. Going forward, the entity will use modern technology to fulfil its recruitment drives, as it is certain that the pandemic will be with us for some time to come.

Under recoveries, and the finalisation of the organisational structure were also not achieved during the period. The entity had to halt the processes of finalising the development of its organisational structure linked to the Corporate Strategy due to financial constraints in finalising the structure. This process of the structure will be completed when the entity has managed to solicit enough financial resources to implement a new structure.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 3	2019/2020 Budget R'000	2019/2020 Actual Expenditure R'000	2019/2020 (Over)/Under Expenditure R'000	2020/2021 Budget R'000	2020/2021 Actual Expenditure R'000	2020/2021 (Over)/Under Expenditure R'000
Quality assurance	1 598	1 161	437	1 713	1 793	(80)
Finance	10 970	19 837	(8 867)	11 609	19 320	(7 711)
Marketing	3 570	2 686	884	3 780	3 886	(106)
Administration	14 426	13 707	719	13 392	12 558	834
Human Resources	8 178	4 540	3 638	10 271	6 095	4 176
CEO	10 417	9 939	478	13 074	14 352	(1 278)
SKILL HUB	7 614	3 357	4 257	16 632	2 061	14 571
TOTAL	**56 773**	**55 227**	**1 546**	**70 471**	**60 065**	**10 406**

TABLE: PROGRESS ON INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Programme/ Sub Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Corporate Services/ Human Resources	Put measures in place to prevent the COVID-19 spread in the workplace	Mpumalanga – Nkangala District Municipality (Emalahleni)	86 Employees Emalahleni and Nelspruit	Youth Women People living with disabilities	**R1 500 000**	**R 856 990.00**	The budget was able to assist the entity to minimise the impact of COVID-19 on the implementation of the APP	The entity was able to provide training to learners
	Deep cleaning	MRTT Head Office	25- Employees	Youth Women People living with disabilities				The entity was able to provide training to learners
	Install wash basins for learners	Emalahleni Training Centre	21- Employees					
	Screening of employees on all the centres	Ekandustria Training Centre	36- Employees					
	Reduction of employees and learners	Kabokweni Training Centre MRTT – HTA	04 -Employees					

4. REVENUE COLLECTION

Sources of revenue	2020/2021 Estimate R'000	2020/2021 Actual Amount Collected R'000	2020/2021 (Over)/Under Collection R'000	2019/2020 Estimate R'000	2019/2020 Actual Amount Collected R'000	2019/2020 (Over)/Under Collection R'000
Exchange Transaction	86 295	24 096	(62 199)	45 276	53 661	8 385
Non-Exchange Transaction	94 129	94 129	0	102 149	102 149	0
TOTAL	**180 424**	**118 225**	**(62 199)**	**147 425**	**155 810**	**8 385**

5. CAPITAL INVESTMENT

- **Progress made on implementing the capital, investment and asset management plan**
  Yes
- **Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances**
  None
- **Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed**
  None
- **Plans to close down or down-grade any current facilities**
  None
- **Progress made on the maintenance of infrastructure**
  No
- **Developments relating to the above that are expected to impact on the public entity's current expenditure.**
  Yes
- **Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft**

ASSET CLASS	REASON FOR DISPOSAL	VALUE
Computer equipment	Obsolete	811 213
Computer software	Obsolete	650 674
Machinery and Equipment	Obsolete	1 113 171
Domestic equipment	Obsolete	501 723
Motor vehicles	Obsolete	1 288 004
Total		**4 364 785**

- **Measures taken to ensure that the public entity's asset register remained up-to-date during the period under review**
  Yes
- **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	2633	50,38%
Normal	2472	47,30%
Fair	78	1,49%
Scrap	43	0,82%
TOTAL	**5226**	

- **Major maintenance projects that have been undertaken during the period under review**
  None
- **Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track**
  No

PART C
GOVERNANCE

1. INTRODUCTION

Good governance remains one of the cornerstones to MRTT's excellence. The Board of Directors of MRTT has maintained its focus and effective leadership on sustained good governance principles by applying the four corporate governance outcomes articulated in the King IV Report on corporate governance. The entity is committed to the principles of accountability, openness and integrity as prescribed by the King IV Code on corporate governance and its policies and charter formalise this commitment.

Legislature, the Executive Authority and the Accounting Authority of MRTT provide oversight on corporate governance.

2. PORTFOLIO COMMITTEES

The Accounting Authority received ongoing support and guidance from the Portfolio Committee on Education as it played oversight on the service delivery and performance of the entity.

The dates of the meeting	Purpose
12 June 2020	Consideration of the 2019/2020 fourth (4th) Quarter Performance Report
17 September 2020	Consideration of the 2020/2021 first (1st) Quarter Performance Report
13 October 2020	Consideration of the Revised Annual Performance Plans for the 2020/21 financial year
30 October 2020	Consideration of the 2020/21 second (2nd) Quarter Performance and 2019-20 Annual Report
26 November 2020	Social Cluster Oversight Visit – Portfolio Committee
23 February 2021	Consideration of the 2020/21 third (3rd) Quarter Performance and 2019-20 Annual Performance Report

AREAS OF RISK AND WHAT IMPLEMENTATION PLANS / ACTIONS DID THE PUBLIC ENTITY UNDERTAKE

The dates of the meeting	Purpose
The entity could not spend the budget according to its plans for the three (3) quarters (financial reporting period) as approved by the Committee due to the lockdown restrictions caused by the COVID-19 pandemic.	The entity is implementing work plans and recovery plans to mitigate the unachieved targets, to ultimately meet the annual targets. The entity will, on all quarterly performance reports of the entity provide reasons per economic classification for the over/ under spending per programme and shall continue to do so going forward
Fast tracking applications for funding from UIF grant, NARYSEC, MERSETA and other SETA's that were still pending in the 1st quarter and ensure that the learners who need the funding the most benefit from it.	The Revenue Generation Committee was duly constituted reporting to the MRTT Senior Management. The Terms of Reference for the committee have been approved. The committee will be finalising its strategy for approval by management during this financial year. The committee has identified grant applications opportunities, partnerships, funding and donations and has compiled the necessary applications. The finalisation of applications is, however, a long process but the entity has full confidence that positive feedback will be received for the new academic year.
Recruiting more learners in the targets which were reduced due to budget cuts and the COVID-19 pandemic	In the next financial year commencing 01st April 2021 the programme will recruit more learners in the targets which were reduced due to budget cuts and COVID-19, by trying to source additional funding, learnerships through the various SETAs and other funders as well as partnerships with both public and private institutions to accommodate more learners

3. EXECUTIVE AUTHORITY

In terms of the Public Finance Management Act No:1 of 1999 as well as the Board Performance agreement (shareholder's compact), the Accounting Authority is expected to provide regular updates and report on the overall performance of MRTT to the Executive Authority. The Accounting Authority confirms that in accordance with compliance requirements, it has consistently reported to the Executive Authority on a quarterly basis.

MRTT submitted the following reports to the Executive Authority on the dates indicated:

Name of Report	Submission Date
2019/2020 fourth (4th) Quarter Performance Report	15 May 2020
2020/2021 first (1st) Quarter Performance Report	21 July 2020
2019/20 Annual Performance Report	09 February 2021
2020/21 second (2nd) Quarter Performance and 2019-20 Annual Report	14 October 2020
2020/21 third (3rd) Quarter Performance Report	15 January 2021

4. THE ACCOUNTING AUTHORITY / BOARD

INTRODUCTION

The Board of Directors retains full and effective control over the governance of MRTT and a clear division of responsibility exists at Board and Executive level.

The Board meets at least once every quarter and holds special meetings as and when required to discuss the review and approval of critical compliance submissions, including the Annual Performance Report and Annual Financial Statements.

The responsibilities of the Board are outlined in the Companies Act and PFMA

- Provide effective and ethical leadership
- Develop MRTT strategy and Annual Performance Plan
- Determine, oversee and revise the corporate governance structures within MRTT
- Review and approve MRTT 's financial reports, plans and actions, including cost allocations and expenditures.
- Ensure that there is an effective, risk based internal audit function, as well as effective governance of risk management and information technology infrastructure.
- Ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and MRTT 's internal governing documents and codes of conduct.
- Ensure the entity has an effective and independent Audit Committee.
- Approval of budget and Financial Statements
- Determine, oversee and revise the human resources policies and human resources strategies of MRTT.
- Appoint and evaluate the performance of the CEO.

BOARD CHARTER

The Board Charter is reviewed annually and sets out the responsibilities of the Board of Directors. The charter ensures that the board exercises full control over significant matters including the entity's vision, mission and values, strategic objectives, strategic plans, annual budget, performance monitoring as well as annual reporting of its financial statements.

COMPOSITION OF THE BOARD

As of 31 March 2021 the board consisted of eight non-executive members and two ex-officio members (the Acting Chief Executive Officer and Head of Department of Education). In terms of the Memorandum of Incorporation, the board members are appointed for a term not exceeding three years, and may be eligible for re-appointment. The Honourable MEC for the Department of Education in Mpumalanga Province appoints the Board of Directors.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams
Ms TE Mawelele	Acting Chairperson	03-12-2018	Still serving and appointed as Acting Chairperson of the Board on 03-02-2021	LLM (Corporate Law) LLB Diploma Insolvency and Commercial litigation certificate	Admitted Attorney and full Time Lecturer at the University of Mpumalanga	Director TE Mawelele Board Member at MER and Mpumalanga Consumer Affairs Court Chairperson of Compliance Committee MER Audit Committee Member Bushbuckridge Local Municipality; former Lecturer TUT	Finance & Remuneration Committee
Mr TR Mokgoshi	Board Member	03-12-2018	Removed as Chairperson on 03-02-2021 and still serving as ordinary Board Member	Higher National Diploma – Chemical Engineering (Teesside UK) B.Eng (Hons) Chemical Engineering (Teesside UK) Progam in Engineering Management (UP) Manage Managers Development Program (GIBS)	Engineering	Amatola Water Board.	Marketing and Technical Committee
Mr PP Maoko	Board Member	03-12-2018	Still serving	Certificate Programme in Industrial Relations, Certificate in Labour Studies,	Former CEO CETA, Secretariat Pillar Head at National Union Of Mineworkers	Former Board Member at SASSETA, EBMTC College and EWSETA	Finance & Remuneration, Marketing and Technical Committee
Ms GA Deiner	Board Member	03-12-2018	Resigned 05-03-2021	Higher Diploma in Education Bachelor of Arts in Fine Arts and Biblical Studies BCompt Accounting Science,	Practising Professional Accountant	Chairperson and Member Various Committees and Boards in Mpumalanga Province including MEGA, MDE, MPL and MGB MER, Deiner & Associates (Pty) Ltd	Finance & Remuneration Committee Audit Committee
Mr MB Singwane	Board Member	03-12-2018	Still serving	LLB	Practising Attorney	Chairperson of the Mental Health Review Board for Mpumalanga Dept of Health, Board Member at Komati Basic Water Authority	Audit Committee
Mr B Sibanyoni	Board Member	03-12-2018	Still serving	Certificate in Executive Leadership in Municipal Development .	Property development	Managing Director Mpisana Properties. Former Chief Whip Thembisile Local Municipality.	Marketing & Technical Committee, Audit Committee
Mr MI Tibane	Board Member	03-12-2018	Still serving	Certificate Programme in Management Development for Municipal Finance, Certificate in Construction Contracting, Certificate in Communication	Former Ward Councillor. Former PA to Executive Mayor at Steve Tshwate Current deputy secretary of SACP.	Nkangala TVET Council Chairperson Current deputy secretary of SACP Member of Regional Committee Appeals Committee for Dept of Labour	Marketing & Technical Committee Audit Committee
Mr JH Mathabe	Board Member	03-12-2018	Resigned 31-03-2021	Diploma Human Resource Management, Certificate in Public Management and Certificate in Education and Training	Employee Relations Manager MTPA	None	Marketing & Technical Committee Finance and Remuneration

COMMITTEES

Committee	No. of meetings held	No. of members	Name of members
Senior Management Committee	18	07	• Mr MS Makgoba • Mr FW Magwandana • Ms K Mohlala • Ms Z Khoza • Mr M Jafta • Mr B Hlatswayo • Mr S Shungube
Marketing & Technical committee	05	05	• Mr PP Maoko • Mr JH Mathabe • Mr MI Tibane • Mr B Sibanyoni • Mr TR Mokgoshi
Finance and Remuneration Committee	06	04	• Mr PP Maoko • Ms GA Deiner • Ms TE Mawelele • Mr JH Mathabe
Risk Management Committee	05	05	• Mr R Tshimomola (Independent Chairperson) • Mr MS Makgoba • Mr MG Jafta • Mr B Hlatshwayo • Ms Z Khoza
Audit Committee	09	05	• Dr DR Mango • Ms GA Deiner • Mr MB Singwane • Mr B Sibanyoni • Mr MI Tibane
Board of Directors	09	08	• Mr TR Mokgoshi • Ms TE Mawelele • Mr PP Maoko • Ms GA Deiner • Mr MB Singwane • Mr B Sibanyoni • Mr MI Tibane • Mr JH Mathabe

*CEO, Mr R Oosthuizen, remains on suspension
*Board members, Ms GA Deiner and Mr JH Mathabe, resigned

REMUNERATION OF BOARD MEMBERS

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

Board members who are not remunerated;

- Mr R Oosthuizen – *ex officio* member (precautionary suspension on 17-12-2020 CEO: MRTT)
- Mr Ms Makgoba – *ex officio* member (Acting CEO: MRTT)
- Ms LH Moyane – *ex officio* member (Head of Department of Education in Mpumalanga)

Name	Remuneration
Ms TE Mawelele	232 320
Mr TR Mokgoshi	199 134
Ms GA Deiner	177 274
Mr PP Maoko	199 218
Mr MI Tibane	229 599
Mr B Sibanyoni	305 026
Mr MB Singwane	130 528
Mr HJ Mathabe	7 810
TOTAL	**1 480 909**

5. RISK MANAGEMENT

The Audit Committee is satisfied that an ongoing risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations and is considered effective. Risk Management has been adopted as a standing item on the quarterly meetings of the Senior Management Committee.

The entity has a Risk Management Policy, Fraud & Corruption Prevention Policy and Whistle Blowing Policy which has been approved and implemented. The entity has a Risk Management Committee with an independent Chairperson that advises Management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Audit Committee advises the public entity on risk management and independently monitors the effectiveness of the system of risk management.

6. INTERNAL CONTROL UNIT

Internal control is a process which is effected by the Board, Management and other personnel, and is designed to provide reasonable assurance regarding the achievement of objectives both strategic and operational. MRTT has established a system of internal control and regularly reviews its effectiveness and relevance. The control environment enhances the tone of risk management and provides the necessary discipline.

The Internal Audit function was outsourced to Nexia SAB&T 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 meetings.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit operates within the framework of the Institute of Internal Auditors (IIA) under the direction of the Audit Committee, which approved the Internal Audit Charter and the three year rolling plan. The Internal Audit Plan was informed by the strategy and key risks that may impair the realisation of strategic objectives and goals of the entity.

The Committee has discharged all its responsibilities including, *inter alia*:

- Risk Management
- Financial management
- Budget / grant Management
- Human Resources Management
- Occupational Health and Safety
- Internal Audit Charter
- Internal Audit plans
- Information and Technology
- Technical Training Operations
- Follow up reviews on audit of predetermined objectives
- Supply Chain Management
- Legal and compliance review
- Asset Management review

Internal Audit provided assurance that MRTT operates in a responsible governed manner by performing the following functions:

- Effectively assuring effectiveness of risk management and its internal controls
- Ensuring process regarding compliance with laws and regulations

- Ensuring the reliability and integrity of financial and non-financial information
- Analysing and assessing business processes and associated controls and reporting audit findings and recommendations to management and the Audit Committee.

The Audit Committee's primary objectives are as follows:

The Audit Committee is constituted as a Board Sub-Committee with responsibilities as delegated by the Board in terms of Section 51(1) (ii) of the PFMA and Treasury Regulations 21.1.1. The role of the Audit Committee is to provide independent assurance and assistance to the Board on control, Governance and risk management and its primary objectives are;

- 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 makes appropriate recommendations, based on its findings, to the MRTT Board.

The key activities and objectives of the Audit Committee:

- Review the adequacy of policies, procedures and the internal control system, including information technology security and control, and financial controls.
- Review the Performance Management Systems and Information compliance and alignment entity 's mandate and strategic objectives.
- Review and approve the scope of activities of the internal audit function, ensuring that it covers the key risks and that there is an alignment with the external auditor (AGSA), assess the effectiveness of the internal audit function.
- Report to relevant stakeholders, including the board, regarding the committee activities, issues and related recommendations.
- Monitoring compliance with laws, regulations and policies.
- The review and approval of the Internal Audit Charter.
- Resolving any disagreements between management and the auditors regarding financial reporting.
- Adoption of the formal terms of reference in the form of Audit Committee Charter that has been approved by the Board of MRTT.
- To conduct its affairs in compliance with the board charter and discharge its responsibilities as set out in the charter. The committee meets four (4) times a year and, as the need arises, a special meeting is convened.

The table below highlights information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Dr DR Mango	Doctor of Business Administration; Master of Business Administration (MBA); Certificate in Local Democracy and Governance; Post Graduate Diploma in Education; Diploma in Advanced Software Application; Certificate in Public Management; Certificate in Human Resources Management; Bachelor of Education Honours (B.Ed Hons); Diploma in Education Management; Secondary Teachers Diploma	External	External	01-04-2020	Still serving	09
Ms GA Deiner	BCompt; Higher Diploma in Education; Bachelor of Arts in Fine Arts and Biblical; Professional Accountant	External	External	18-02-2019	05-03-2021	06
Mr MB Singwane	LLB	External	External	18-02-2019	Still serving	06
Mr B Sibanyoni	Certificate in Executive Leadership and Municipal Development.	External	External	18-02-2019	Still serving	09
Mr MI Tibane	Certificate Programme in Management Development for Municipal Finance	External	External	24-03-2021	Still serving	01

8. COMPLIANCE WITH LAWS AND REGULATIONS

MRTT complies with pieces of legislation and regulatory imperatives applicable to it but not limited to the Companies Act, PFMA, Treasury Regulations, Practice notes, King IV Report, Labour laws, Health and Safety Laws and has developed policies and procedures in line with legislation, including compliance with Treasury Regulations and Procurement Prescripts. The Accounting Authority has approved company policies during the period under review and workshops and information sharing sessions were conducted for the members of staff to ensure knowledge and implementation of such policies.

9. FRAUD AND CORRUPTION

In line with its zero-tolerance approach towards fraud, corruption and other economic crimes, MRTT has recognised that managing fraud and risk is imperative to the business, and if sustained effectively, fraud and risk management will improve the control environment and enhance MRTT's operational performance and reputation. The entity has a Fraud and Corruption Prevention Policy and Whistle Blowing Policy that was adopted and approved. The policies are functional and operational and is guided, amongst others, by PFMA and the Protected Disclosures Act.

The incidents that were reported were related to supply chain processes and financial management and required interventions from the entity's management to enforce compliance with rules and regulations. The Office of the Chief Executive Officer continued to monitor the forensic investigations that were conducted and the final report is still undergoing judicial review.

10. MINIMISING CONFLICT OF INTEREST

In accordance with the provisions of the Companies Act and PFMA, all Board Members are required to declare any possible conflict of interest in each meeting as an agenda item. Further, interests are declared at Senior Management level and each meeting of the board and its sub-committees. As part of the process aimed at minimising conflict of interest the Supply Chain Management and Administrative sub-programme under the supervision of its Manager and the Chief Financial Officer exists as a central point to process all requisitions of the entity. Proper segregation of responsibilities amongst officers and structures as well as the delegation of powers is implemented in terms of the Supply Chain Policy. Members who declare interest are excused from the relevant discussion.

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

MRTT has adopted a Code of Conduct and Code of Ethics during the period under review with the principles of honesty, integrity and accountability. It ensures that MRTT employees are accountable to all MRTT stakeholders, ensuring that the institution's business is conducted in accordance with the highest standards of corporate governance. In addition, employees are expected to always conduct themselves in an ethical manner. The code serves as a guideline to the Board, Senior Management Staff and Service Providers of the organisation in making ethical decisions and engaging in appropriate and lawful conduct.

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

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

MRTT endeavours to care for the health and safety of its employees and their work environment, including all other persons conducting business on its premises, as a priority as far as reasonably possible. To ensure compliance with the Occupational Health and Safety Act, the entity has reviewed and approved the occupational and health safety policy during the period under review. The entity's Health and Safety policy aims to eliminate incidents, minimise risks, responsibly manage health and safety issues and enable excellence in operations and business performance, while providing a workplace that takes into account the safety and wellness of staff members, learners and service providers. The entity has existing Health and Safety committees in all its office premises and satellite centres. Occupational Health and Safety representatives were appointed and capacitated to ensure compliance with the Act. All reportable incidents were reported to the Compensation Commissioner as required by the Compensation for Occupational Injuries and Diseases Act,1993.

13. COMPANY / BOARD SECRETARY

MRTT has a Company Secretary in line with the Companies Act 71 of 2008 in the office of the Chief Executive Officer and is responsible for processes that are necessary to ensure that MRTT complies with all applicable codes as well as legal and statutory requirements and policy imperatives.

The Company Secretary is also empowered with the necessary authority and support to carry out her duties as follows:

- The Board of Directors are informed of their legal responsibilities
- Provides guidance on the smooth running of the entity activities
- Provides the Board of Directors with guidance as to their duties, responsibilities and powers.
- Ensuring that the Board of Directors are aware of all laws and legislations 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.
- Ensures that the Board Committee Charters and Terms of Reference are kept up to date.
- Assists the Board with the yearly evaluation of the individual Board Members.
- 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.
- The drafting and vetting of contracts, drafting of legal opinion and manage litigation matters.

14. SOCIAL RESPONSIBILITY

Due to the COVID-19 pandemic and regulations imposed as a result of the lockdown in the country, the entity could not achieve its mandate on the corporate social responsibility.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is constituted as a statutory committee in terms of the Companies Act,71 of 2008 and also responsible for all other duties assigned to it by the board. The committee consisted of one independent chairperson, four non-executive directors and a standing invitee from Provincial Treasury and Department of Education. The Audit Committee reports that it has complied with its responsibilities arising from Section 76 (4) (d) of the Public Finance Management Act, Act 1 of 1999, as amended, read with chapter 27 of the Treasury Regulations 3.1.13 issued in terms of the Act. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied that there is reasonably adequate monitoring over the system of internal controls in place to mitigate risks reported by internal audit to an acceptable level.

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

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

- Supply Chain Management
- Final Asset Management
- Final audit of predetermined objectives
- Information technology general review controls
- Performance information review
- Occupational health and safety
- Financial management /grant management
- Follow up on Auditor General South Africa 's reported findings

A few specific control weaknesses were noted, especially with regard to the supply chain management process and information technology; generally, however, controls evaluated are adequate, appropriate, and partially effective to provide reasonable assurance that risks are being managed and objectives should be met.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

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

EVALUATION OF FINANCIAL STATEMENTS

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

AUDITOR'S REPORT

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

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

Dr DR Mango

Chairperson of the Audit Committee

Mpumalanga Regional Training Trust

Date:

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The entity does not issue any licences.
Developing and implementing a preferential procurement policy?	Yes	The entity's SCM Policy as prescribed by the National Treasury has the preferential points scored for B-BBEE. Also according to Treasury Regulation 2017, there is a portion where one has to indicate whether their company must have either Exempted Micro Enterprise (EMEs) or Qualifying Small Enterprise (QSEs).
Determining qualification criteria for the sale of state-owned enterprises?	No	The entity does not determine the qualification criteria for the sale of State-Owned enterprises
Developing criteria for entering into partnerships with the private sector?	Yes	The Entity as a training institution is bound to have partnerships with private and public training institutions to ensure that during the training, learners do experiential training.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The entity does not have criteria per se but according to the compliance to the National Development Plan and also one of the Provincial Plan entities and departments are urged to promote Economic Transformation, how? By promoting B-BBEE in terms of BEE spent which means a certain percentage is spent to promote BEE in their businesses in terms of supply and delivery of goods and services.

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

OVERVIEW OF HR MATTERS AT THE PUBLIC ENTITY

The Mpumalanga Regional Training Trust (MRTT) Human Resources sub-programme's primary focus is to provide and retain the highest calibre of employees who will contribute effectively to the objectives of the entity. The entity views its employees as valuable assets and central drivers of the entity's strategy and success. The entity places its reliance on the employees to ensure achievements of organizational goals and objectives.

MRTT has embarked on an Organizational Development process that seeks to achieve coordination and integration with overall planning strategies and other managerial functions. A competency framework has been developed, which will inform the current process of reviewing the entity's organizational structure. The functional structure has been developed and approved by the MRTT Board.

SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

DEVELOP AND APPROVE HUMAN RESOURCES STRATEGY

The entity is in a process of developing a Human Resources Strategy to ensure that the business's overall plan for managing its human capital is aligning with its business activities. The strategy will focus on the direction for all the key areas of human resources, including hiring, performance appraisal, development and compensation.

BUILD CAPACITY ON PERFORMANCE MANAGEMENT SYSTEM

The MRTT Board of Directors has approved all reviewed Human Resources Policies. The sub-programme has embarked on the induction of its employees on the changes in all its Human Resources Policies including the capacity building on Performance Management System.

DEVELOPMENT ON EMPLOYMENT EQUITY PLAN AND WORKPLACE SKILLS PLAN

The employment Equity Plan has been approved and submitted to the Department of Employment and Labour. The entity has submitted the Workplace Skills Plan (WSP) and Annual Training Report (ATR) on time and they were also approved.

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

The competency framework will inform the calibre of employees that the entity should plan for and bring on board through aligned strategies. MRTT has approved the competency frame work which is based on the Workplace Skills Plan and talent management framework

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The entity has a performance management framework that is designed with the objective of improving both individual and organizational performance by identifying organizational performance requirements, providing regular feedback and assisting employees in their career development. It aims at building a high performance culture for both the individual and the teams so that they jointly take responsibility of improving the business process on a continuous basis.

EMPLOYEE WELLNESS PROGRAMMES

The entity has an employee wellness programme in place. The existence of the Employment Wellness Committee continues to play a critical role within the entity by ensuring that the planned Employee Wellness Committee continue to play a critical role within the entity by ensuring that planned Employee Wellness Programmes are executed. During the year under review, the committee took up the responsibility of the COVID-19 Steering Committee to ensure compliance with the COVID-19 regulations

POLICY DEVELOPMENT

The entity embarked on the policy development and review process. All Human Resources Policies were reviewed and new policies developed in consultation with relevant stakeholders. The policies were duly approved by the MRTT Board and the sub-programme is in the process of inducting employees on the changes and the new policies.

HIGHLIGHT ACHIEVEMENTS

- Training and development of employees was conducted in line with WSP
- The WSP and ATR were submitted to the ETDP-Seta and were approved
- Extensive Training on Fire-fighting and Safety mattes as well as First Aiders were successfully conducted
- Identified employee wellness programme were conducted and employees participated in a satisfactory manner
- Human Resources policies were reviewed and approved by the board

CHALLENGES FACED BY THE PUBLIC ENTITY

The entity was unable to complete the review of corporate structure due to financial limitations. The entity was faced with challenges with regard to COVID-19 cases and it was compelled to close its centres on numerous occasions.

FUTURE HR PLANS /GOALS

- The finalisation of the Organizational Structure that is aligned to corporate strategy
- Completion of the Human Resources Strategy
- To ensure awareness and compliance to regulations and protocols of COVID-19
- Develop other critical human resources strategies, such as talent management that are linked to the overall Human Resources Strategies.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 PERSONNEL RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Hospitality and Tourism	21 653	12 999	60%	34	382
Technical Training Operations	59 027	28 408	48%	85	334
Corporate Service	61 407	25 705	42%	46	559
TOTAL	**142 087**	**67 112**	**47%**	**165**	**406**

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	5 498	8.19%	3	1 832
Senior Management	13 398	20.36%	10	1 339
Professional qualified	6 217	9.26%	9	1 554
Skilled	30 891	46.02%	85	858
Semi-skilled	8 451	12.39%	39	384
Unskilled	2 654	3.95%	28	165
TOTAL	**67 112**	**100%**	**165**	**406**

PERFORMANCE REWARDS

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	93	5 498	1.69%
Senior Management	318	13 398	2.37%
Professional qualified	85	6 217	7,31%
Skilled	583	30 891	1.36%
Semi-skilled	164	8 451	1.94%
Unskilled	54	2 654	2.03%
TOTAL	**1 298**	**67 112**	**1.93**

TRAINING COSTS

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Hospitality and Tourism	12 999	67	0.54%	4	16
Technical Training Operations	28 408	0	0%	0	0
Corporate Service	25 705	33	0.13%	2	16
TOTAL	**67 112**	**100**	**0.14%**	**6**	**16**

EMPLOYMENT AND VACANCIES

Programme/activity/objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Hospitality and Tourism	36	43	37	6	13.95%
Technical Training Operations	28	33	28	5	15.15%
Corporate Service	24	29	26	3	10.34%
TOTAL	**91**	**105**	**91**	**14**	**13.33%**

Level	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Top Management	3	5	3	2	40.00%
Senior Management	10	13	10	3	23.07%
Professional qualified	5	11	5	3	27.27%
Skilled	35	36	35	3	8.33%
Semi-skilled	23	24	23	2	8.33%
Unskilled	15	16	15	1	6.25%
TOTAL	**91**	**105**	**91**	**14**	**13.33%**

EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	10	0	1	9
Professional qualified	4	0	2	5
Skilled	36	0	0	33
Semi-skilled	23	0	0	23
Unskilled	15	0	0	15
TOTAL	**91**	**0**	**3**	**88**

MRTT

REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	2	50
Resignation	1	25
Dismissal	0	0
Retirement	1	25
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	**4**	**100**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

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

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

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

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	5	3	0	0	0	0	1	1
Skilled	13	13	0	0	0	0	0	0
Semi-skilled	12	12	0	0	0	0	0	0
Unskilled	16	16	0	0	0	0	0	0
TOTAL	46	44	0	0	0	0	1	1

Levels	Disabled Staff			
	African		Coloured	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	1	1	1	1
Unskilled	1	0	1	0
TOTAL	2	1	2	1

PART E

MPUMALANGA REGIONAL TRAINING TRUST

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Skills Development
MEMBERS	TE Mawelele - Acting Chairperson (from 3 February 2021) TR Mokgoshi (Chairperson up to 17 December 2020) BM Singwane B Sibanyoni MI Tibane PP Maoko JH Mathabe - resigned 31 March 2021 GA Deiner - resigned 5 March 2021 LH Moyane - Acting Head: Provincial Department of Education - *ex-officio* MS Makgoba - Acting Chief Executive Officer - *ex-officio* (from 17 December 2020)
REGISTERED OFFICE	Suite No. 8 Bureau de Paul N4 Office Park Emalahleni 1035
BANKERS	Standard Bank Saveway
AUDITOR	Auditor - General South Africa (AGSA)
SECRETARY	KM Mohlala
COMPANY REGISTRATION NUMBER	1993/006132/08
PREPARER	The annual financial statements were internally compiled by: MG Jafta Chief Financial Officer
PUBLISHED	31 May 2021

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external 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 Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditor is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditor and their report is presented on page 65.

The annual financial statements set out on pages 69 to 146, which have been prepared on the going concern basis, were approved by the accounting authority on 28 May 2021 and were signed on its behalf by:

TE Mawelele

Acting Chairperson (from 3 February 2021)

MS Makgoba

Acting Chief Executive Officer - *ex- officio*

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2021.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

Net deficit of the entity was R 23 861 997 (2020: deficit R 22 031 466)

2. GOING CONCERN

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

3. SUBSEQUENT EVENTS

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

4. MEMBERS' INTEREST IN CONTRACTS

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

5. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (RAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. ACCOUNTING AUTHORITY

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

- TE Mawelele – Acting Chairperson (from 3 February 2021)
- TR Mokgoshi (Chairperson up to 17 December 2020)
- BM Singwane
- B Sibanyoni
- MI Tibane
- PP Maoko
- JH Mathabe – resigned 31 March 2021
- GA Deiner – resigned 5 March 2021
- LH Moyane – Acting Head: Provincial Department of Education – *ex-officio*
- MS Makgoba – Acting Chief Executive Officer – *ex-officio* (from 17 December 2020)

7. SECRETARY

The secretary of the entity is KM Mohlala of:

BUSINESS ADDRESS

Suite No 8 Bureau de Paul
N4 Office Park
Emalahleni
1035

POSTAL ADDRESS

Private Bag X7288
Emalahleni
1035

8. CORPORATE GOVERNANCE GENERAL

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

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

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

BOARD OF DIRECTORS

The Board:

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

CHAIRPERSON AND CHIEF EXECUTIVE

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

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

9. INTEREST IN CONTROLLED ENTITIES

Name of controlled entity	Country of incorporation if not the RSA	Net income (loss) after tax
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd		(3 008 318)

Details of the entity's investment in controlled entities are set out in note 7.

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure of R14 156 711 in the current financial year and for the prior financial year the expenditure was R2 079 556

The entity did not incur fruitless and wasteful expenditure in the current financial year and in the prior financial year the amount incurred was R1 000

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

COMPANY SECRETARY'S CERTIFICATION

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

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

KM Mohlala
Company Secretary

REPORT OF THE AUDITOR-GENERAL

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 69 to 110 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust and the group as at 31 March 2021, and their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

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

EMPHASIS OF MATTER

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

MATERIAL IMPAIRMENTS – INTERCOMPANY LOAN ACCOUNT

7. As disclosed in note 8 to the financial statements, material impairments of R6,2 million were incurred as a result of the impairment provision of the intercompany loan.

MATERIAL IMPAIRMENTS – RECEIVABLES FROM EXCHANGE TRANSACTIONS

8. As disclosed in note 3 to the financial statements, material impairments of R16, 97 million were incurred as a result of the impairment provision of the receivables from exchange transactions.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 2: Technical training operations	25 – 28

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - Programme 2: Technical training operations

OTHER MATTER

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. Refer to the annual performance report on pages 19 to 38 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) of the PFMA.
23. Material misstatements of revenue, receivables, expenditure, irregular expenditure and related parties identified by the auditors in the submitted financial statements were corrected which resulted in the financial statements receiving an unqualified opinion.

EXPENDITURE MANAGEMENT

24. Effective and appropriate steps were not taken to prevent irregular expenditure of R14,16 million as disclosed in note 29 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by the extension of contracts without inviting competitive bids.

CONSEQUENCE MANAGEMENT

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure in the previous year as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

OTHER INFORMATION

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008 (Companies Act). The other information does not include the financial statements, the auditor's report and those selected programmes objectives presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, if I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and issue amended report as appropriate. If the other information is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

- Management did not always monitor the daily, weekly and monthly processes relating to record keeping, recording of transactions and adherence to legislation. In addition, management did not ensure that the entity's policies and procedures were implemented properly, action plans adequately addressed the root causes of internal and external audit findings, and non-compliance with legislation was prevented.

OTHER REPORTS

31. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
32. A forensic audit was conducted by the internal audit unit into allegations of abuse of the entity's SCM system. At the date of this report the forensic audit was in progress.
33. An investigation was conducted into allegations against the chief executive officer. At the date of this report the investigation was still on-going.
34. The Special Investigating Unit (SIU) is busy investigating government wide COVID-19 procurement in accordance with the presidential proclamation. At the date of this report, this investigation, which is also being conducted at MRTT, was still in progress.

Auditor General

Mbombela
31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note(s)	2021 R	2020 R
ASSETS			
CURRENT ASSETS			
Inventories	2	390 994	254 892
Inter company account - Royal Hotel	8	-	4 534 554
Receivables from exchange transactions	3	1 080 708	901 023
Cash and cash equivalents	4	54 802 742	51 189 524
		56 274 444	**56 879 993**
NON-CURRENT ASSETS			
Property, plant and equipment	5	105 793 989	113 513 082
Intangible assets	6	104 827	236 727
Investments in controlled entities	7	100	100
		105 898 916	**113 749 909**
Total Assets		**162 173 360**	**170 629 902**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	12	19 597 672	4 848 841
Provisions	11	5 876 870	5 220 238
		25 474 542	**10 069 079**
Total Liabilities		**25 474 542**	**10 069 079**
Net Assets		**136 698 818**	**160 560 823**
RESERVES			
Revaluation reserve			
Accumulated surplus	10	93 620 566	97 017 024
Total Net Assets		43 078 252	63 543 799
		136 698 818	**160 560 823**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	2021 R	2020 R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	13	22 363 940	14 073 209
Interest received	13	1 726 992	3 495 937
Bad debts recovered	13	4 803	4 941
Total revenue from exchange transactions	13	**24 095 735**	**17 574 087**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants	14	94 129 000	113 693 000
Total revenue	13	**118 224 735**	**131 267 087**
EXPENDITURE			
Personnel	15	(66 266 824)	(74 786 596)
Depreciation and amortisation	5&6	(7 458 792)	(7 416 513)
Administrative	16	(9 433 921)	(8 338 069)
Debt Impairment	17	(18 919 581)	(383 723)
Operating expenses	18	(40 007 614)	(62 373 652)
Total expenditure		**(142 086 732)**	**(153 298 553)**
Deficit for the year		**(23 861 997)**	**(22 031 466)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 April 2019	**100 413 482**	**82 178 799**	**182 592 281**
Changes in net assets			
Deficit for the year	-	(22 031 466)	(22 031 466)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**(18 635 008)**	**(22 031 466)**
Balance at 01 April 2020	**97 017 024**	**63 543 791**	**160 560 815**
Changes in net assets			
Deficit for the year	-	(23 861 997)	(23 861 997)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**(20 465 539)**	**(23 861 997)**
Balance at 31 March 2021	**93 620 566**	**43 078 252**	**136 698 818**
Note(s)	10		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	2021 R	2020 R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Sale of goods and services		10 102 353	21 524 617
Grants		94 129 000	113 693 000
Interest income		1 726 992	3 495 937
Transfers and subsidies (Artisan development)		-	110 707 000
		105 958 345	**249 420 554**
PAYMENTS			
Suppliers and Employee costs		(101 649 203)	(276 627 383)
Net cash flows from operating activities	21	**4 309 142**	**(27 206 829)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(695 926)	(1 771 275)
Proceeds from sale of property, plant and equipment	5	-	15 198
Purchase of intangible assets	6	-	(42 228)
Net cash flows from investing activities		**(695 926)**	**(1 798 305)**
Net Increase / (decrease) in cash and cash equivalents		**3 613 218**	**(29 005 134)**
Cash and cash equivalents at the beginning of the year		51 189 524	80 194 658
Cash and cash equivalents at the end of the year	4	**54 802 742**	**51 189 524**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	86 295 096	-	86 295 096	24 095 735	(62 199 361)	32.1
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Transfer revenue						
Government grants & subsidies	94 129 000	-	94 129 000	94 129 000	-	32.2
Total revenue	**180 424 096**	**-**	**180 424 096**	**118 224 735**	**(62 199 361)**	
EXPENDITURE						
Personnel	(67 925 071)	-	(67 925 071)	(66 266 824)	1 658 247	32.3
Capital expenditure	(3 732 500)	-	(3 732 500)	(695 926)	3 036 574	32.4
Goods and Services	(108 766 525)	-	(108 766 525)	(75 819 908)	32 946 617	32.5
Total expenditure	**(180 424 096)**	**-**	**(180 424 096)**	**(142 782 658)**	**37 641 438**	
Deficit before taxation	**-**	**-**	**-**	**(24 557 923)**	**(24 557 923)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(24 557 923)**	**(24 557 923)**	

RECONCILIATION

BASIS DIFFERENCE	
Depreciation and amortisation	7 458 792
Accruals	1 921 999
Provisions	2 025 994
Debt impairment	18 919 581
Actual Amount in the Statement of Financial Performance	**5 768 443**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

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

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

ALLOWANCE FOR DOUBTFUL DEBTS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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 in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	20
Plant and machinery	Straight line	20
Furniture and fixtures	Straight line	20
Office equipment	Straight line	20
Computer equipment	Straight line	10
Domestic equipment	Straight line	20

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

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

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	3

1.7 INVESTMENTS IN CONTROLLED ENTITIES

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

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

1.8 FINANCIAL INSTRUMENTS

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

INITIAL RECOGNITION

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

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

FAIR VALUE MEASUREMENT CONSIDERATIONS

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

RECLASSIFICATION

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

FINANCIAL ASSETS

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, recognises financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

FINANCIAL LIABILITIES

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 LEASES

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

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

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 INVENTORIES

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

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

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

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

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

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

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

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

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

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

1.11 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

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

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

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

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

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

MEASUREMENT

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

SALE OF GOODS

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

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

RENDERING OF SERVICES

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

RECOGNITION

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

MEASUREMENT

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

TRANSFERS

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

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

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.18 IRREGULAR EXPENDITURE

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

(a) this Act; or

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

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

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

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

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

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

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

1.19 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

MEASUREMENT

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

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

1.20 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 01/04/2019 to 31/03/2020.

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

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

1.21 RELATED PARTIES

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

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

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

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

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

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

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

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

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

1.22 EVENTS AFTER REPORTING DATE

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. INVENTORIES	2021 R	2020 R
Consumables	390 994	254 892

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	18 054 200	5 157 888
Allowance for impairment	(16 976 991)	(4 260 365)
Deposits	3 500	3 500
	1 080 709	**901 023**

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (16 976 991) as of 31 March 2021 (2020: R (4 260 365)). T

he ageing of these receivables is as follows:

3 to 6 months	13 419 323	277 770
Over 6 months	3 557 668	3 982 595

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	4 260 365	3 876 642
Provision for impairment	12 716 626	383 723
	16 976 991	**4 260 365**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	5 810	8 944
Bank balances	13 083 999	14 716 639
Short-term deposits	41 712 933	36 463 941
	54 802 742	**51 189 524**

5. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	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	137 718 862	(40 850 100)	96 868 762	137 718 862	(34 752 833)	102 966 029
Machinery and Equipment	4 670 172	(1 432 394)	3 237 778	5 592 662	(1 918 982)	3 673 680
Office Furniture	5 209 974	(3 085 689)	2 124 285	6 291 910	(3 632 015)	2 659 895
Motor vehicles	3 127 993	(1 998 461)	1 129 532	4 415 997	(2 938 809)	1 477 188
Office equipment	509 403	(244 649)	264 754	1 023 975	(589 264)	434 711
Computer equipment	2 170 251	(917 489)	1 252 762	2 865 015	(1 430 090)	1 434 925
Domestic equipment	1 371 795	(455 679)	916 116	1 592 662	(726 008)	866 654
Total	**154 778 450**	**(48 984 461)**	**105 793 989**	**159 501 083**	**(45 988 001)**	**113 513 082**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Buildings	102 966 029	-	-	(6 097 266)	96 868 763
Machinery and Equipment	3 673 680	190 680	(368 193)	(258 389)	3 237 778
Office Furniture	2 659 894	107 941	(343 117)	(300 433)	2 124 285
Motor vehicles	1 477 188	-	(40 658)	(306 998)	1 129 532
Office equipment	434 711	-	(121 545)	(48 412)	264 754
Computer equipment	1 434 925	116 449	(62 947)	(235 665)	1 252 762
Domestic equipment	866 654	280 856	(151 657)	(79 737)	916 116
	113 513 081	**695 926**	**(1 088 117)**	**(7 326 900)**	**105 793 990**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Land and Buildings	109 080 001	-	-	(6 113 971)	102 966 030
Machinery and Equipment	3 179 918	727 090	-	(233 328)	3 673 680
Office furniture	2 423 923	517 940	-	(281 969)	2 659 894
Motor vehicles	1 787 307	-	-	(310 119)	1 477 188
Office equipment	483 268	2 465	-	(51 022)	434 711
Computer equipment	1 227 494	444 628	(15 198)	(221 999)	1 434 925
Domestic equipment	863 081	79 152	-	(75 579)	866 654
	119 044 992	**1 771 275**	**(15 198)**	**(7 287 987)**	**113 513 082**

REVALUATIONS

The effective date of the revaluations was Sunday, 31 March 2019. Valuations were performed by independent valuer, Mr Peter Mabelane [Professional Valuer 5063/6], of Montani Property Valuers. Montani Property Valuers are not connected to the entity.

Land and buildings are valued independently every 5 years.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2021 R	2020 R

DETAILS OF PROPERTIES

HOSPITALITY AND TOURISM ACADEMY

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

	2021 R	2020 R
Land	2 500 000	2 500 000
Buildings	41 185 261	44 373 264
	43 685 261	**46 873 264**

KABOKWENI TRAINING CENTRE

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

	2021 R	2020 R
Land	500 000	500 000
Buildings	11 860 740	12 699 221
	12 360 740	**13 199 221**

EMALAHLENI TRAINING CENTRE

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

	2021 R	2020 R
Land	750 000	750 000
Buildings	27 130 067	29 102 332
	27 880 067	**29 852 332**

MRTT HOUSE

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

	2021 R	2020 R
Land	350 000	350 000
Buildings	1 002 694	1 101 212
	1 352 694	**1 451 212**

LAND - EMALAHLENI

The land site is in Emalahleni

	2021 R	2020 R
Corridor Hill	3 490 000	3 490 000
Skills Hub	8 100 000	8 100 000
	11 590 000	**11 590 000**

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

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

	2021 R	2020 R
Repairs and Maintainance	1 141 323	3 272 270

6. INTANGIBLE ASSETS

	2021			2020		
	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost / Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software	395 941	(291 114)	104 827	1 046 615	(809 888)	236 727

RECONCILIATION OF INTANGIBLE ASSETS - 2021	Opening balance R	Amortisation R	Total R
Computer software	236 727	(131 900)	104 827

RECONCILIATION OF INTANGIBLE ASSETS - 2020	Opening balance R	Additions R	Amortisation R	Total R
Computer software	323 024	42 228	(128 525)	236 727

7. INVESTMENTS IN CONTROLLED ENTITIES

Name of company	Held by	% holding 2021	% holding 2020	Carrying amount 2021 R	Carrying amount 2020 R
Royal Hotel	MRTT	100,00 %	100,00 %	100	100

8. INTER COMPANY ACCOUNT - ROYAL HOTEL

	2021 R	2020 R
CONTROLLED ENTITIES	6 202 955	4 534 554
Royal Hotel		
During the 2012/13 financial year the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MRTT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The intercompany account is the balance as at the end of the financial year.The balance in the current year is R6 202 955 (the amount has been impaired 100% as the subsidiary is in the process of liquidation) and in the prior year was R4 534 554		
Impairment of Intercompany account at 100%	(6 202 955)	-
	-	**4 534 554**

9. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED CONTRIBUTION PLAN

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

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

	2021	2020
The total economic entity contribution to such schemes	8 311 398	8 386 606

10. NON-DISTRIBUTABLE RESERVES

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

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

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

	2021 R	2020 R
Opening balance	97 017 024	100 413 482
Realisation of revaluation surplus	(3 396 458)	(3 396 458)
	93 620 566	**97 017 024**

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2021	Opening Balance R	Additions R	Utilised during the year R	Total R
Leave days	3 757 008	893 244	(531 571)	4 118 681
Bonus	1 463 230	1 132 750	(837 791)	1 758 189
	5 220 238	**2 025 994**	**(1 369 362)**	**5 876 870**

RECONCILIATION OF PROVISIONS - 2021	Opening Balance R	Additions R	Utilised during the year R	Total R
Leave days	3 573 168	1 116 885	(933 045)	3 757 008
Bonus	1 623 493	1 145 523	(1 305 786)	1 463 230
	5 196 661	**2 262 408**	**(2 238 831)**	**5 220 238**

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2021 R	2020 R
Trade payables	2 670 967	1 906 412
Accruals	1 921 999	975 413
Income received in advance	15 004 707	1 967 016
	19 597 673	**4 848 841**

13. REVENUE

	2021 R	2020 R
Rendering of services	22 363 940	14 073 209
Interest received	1 726 992	3 495 937
Bad debts recovered	4 803	4 941
Government grants & subsidies	94 129 000	113 693 000
	118 224 735	**131 267 087**

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

Rendering of services	22 363 940	14 073 209
Interest received	1 726 992	3 495 937
Bad debts recovered	4 803	4 941
	24 095 735	**17 574 087**

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

TRANSFER REVENUE		
Government grants & subsidies	94 129 000	113 693 000

14. GOVERNMENT GRANTS AND SUBSIDIES

OPERATING GRANTS

Government grant	63 227 000	34 182 000
Comprehensive Rural Development Programme	10 059 000	28 492 000
National Youth Service	13 229 000	34 324 000
Skills Hub	7 614 000	16 695 000
	94 129 000	**113 693 000**

15. EMPLOYEE RELATED COSTS

Basic	43 992 113	50 790 405
Medical aid	944 321	907 771
UIF	526 999	678 924
SDL	373 342	648 554
PAYE	11 726 501	12 985 285
Provident and pension fund	8 311 398	8 386 607
Phone Allowances	392 150	389 050
	66 266 824	**74 786 596**

16. ADMINISTRATIVE EXPENDITURE

	2021 R	2020 R
Rates and Taxes	1 207 893	1 254 525
Communication	1 261 398	1 087 505
Insurance	705 036	732 174
Motor fleet	732 510	906 497
Leases	254 213	228 418
Security	2 131 078	1 803 300
Rent	1 421 215	1 094 411
Printing and Stationery	206 910	336 718
Repairs and Maintenance	26 588	45 461
Other administrative	1 487 080	849 060
	9 433 921	**8 338 069**

17. DEBT IMPAIRMENT

Debt impairment	18 919 581	383 723

18. OPERATING EXPENSES

Auditors remuneration	4 638 322	4 193 820
Bank charges	206 995	494 990
Professional fees	1 615 700	3 164 234
Food and Beverage	143 698	420 724
Accommodation	20 223	417 473
Skills development training	100 357	476 605
Marketing	136 121	422 731
Pest control	6 186	12 500
Work placement	346 609	1 324 951
Printing and stationery	402 059	1 032 521
Learner Protective clothing	451 889	1 592 558
Training Material	3 227 633	7 195 089
Subsistence and Travel	3 724 574	4 517 295
Hotel Rates, water and electricity	924 115	1 010 616
Stipends	3 934 099	17 469 401
Staff Appointment and recruitment	119 284	546 378
Learner Toolboxes	1 132 814	3 985 406
Production - Construction	10 305 593	1 701 681
Training Centres and Hotel repairs and maintenance	1 951 878	3 162 050
Directors expenses	1 687 296	2 674 173
Hotel Security	1 527 901	1 216 474
Hotel operating expenses	900 765	1 423 198
Training centre operating expenses	115 956	1 079 869
Corporate services operating expenses	2 387 547	2 838 915
	40 007 614	**62 373 652**

19. AUDITOR'S REMUNERATION

	2021 R	2020 R
External audit fees	3 237 020	3 811 399
Internal audit fees	1 401 302	382 421
	4 638 322	**4 193 820**

20. TAXATION

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

21. CASH GENERATED FROM (USED IN) OPERATIONS

	2021 R	2020 R
Deficit	(23 861 997)	(22 031 466)
Adjustments for:		
Depreciation and amortisation	7 458 792	7 416 513
Debt impairment	12 716 626	-
Movements in provisions	656 632	23 577
Loss on disposal	1 088 117	-
Changes in working capital:		
Inventories	(136 102)	127 996
Receivables from exchange transactions	(12 266 390)	7 446 467
Inter Company Account - Royal Hotel	4 534 554	(1 719 879)
Payables from exchange transactions	14 118 910	(18 470 037)
	4 309 142	**(27 206 829)**

22. COMMITMENTS

APPROVED AND AUTHORISED COMMITMENTS

	2021 R	2020 R
Committments	192 000	3 343 830

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

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE

	2021 R	2020 R
• within one year	1 014 499	1 325 349
• in second to fifth year inclusive	65 450	76 788
	1 079 949	**1 402 137**

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

23. CONTINGENCIES

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

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

2. The Labour Appeal Court (LAC) declared the salary increase for the 2020/2021 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will conform if the entity will be obligated to pay the salary increases in dispute. The total amount cannot be established because the case is still being heard.

24. RELATED PARTIES

RELATIONSHIPS

Members	Refer to members' report note
Controlling entity	Department of Education
Controlled entities	MRTT Royal Hotel Pilgrims Rest (Pty) Ltd

RELATED PARTY BALANCES

RELATED PARTY BALANCES	2021 R	2020 R
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	6 202 955	4 534 554
Impairment of the balance - 100%	(6 202 955)	-
RELATED PARTY BALANCES		
Department of Education	4 776 195	-
Impairment of the balance - 100%	(4 776 195)	-

RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS	2021 R	2020 R
Department of Education	21 970 991	4 363 028
RECEIPTS FROM RELATED PARTIES		
Department of Education	94 129 000	113 693 000
Artisan Development Programme	-	110 707 000

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE: 2021	Members' fees R	Total R
TE Mawelele - Acting Chairperson (from 3 February 2021)	232 320	232 320
TR Mokgoshi (Chairperson up to 17 December 2020)	199 134	199 134
BM Singwane	130 528	130 528
B Sibanyoni	305 026	305 026
MI Tibane	229 599	229 599
PP Maoko	199 218	199 218
JH Mathabe -resigned 31 March 2021	7 810	7 810
GA Deiner - resigned 5 March 2021	177 274	177 274
	1 480 909	**1 480 909**

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE: 2020	Members' fees R	Total R
TE Mawelele - Acting Chairperson (from 3 February 2021)	260 302	260 302
TR Mokgoshi (Chairperson up to 17 December 2020)	246 036	246 036
BM Singwane	51 256	51 256
B Sibanyoni	291 794	291 794
MI Tibane	220 356	220 356
PP Maoko	238 980	238 980
JH Mathabe -resigned 31 March 2021	76 857	76 857
GA Deiner - resigned 5 March 2021	221 313	221 313
	1 606 894	**1 606 894**

Member JH Mathabe is only remunerated for travel and subistence. The member is not paid any other remuneration as he is employed by the state.

EXECUTIVE MANAGEMENT: 2021	Basic salary R	Short term benefits (includes bonus, acting allowances) R	Post employment benefits R	Total R
MS Makgoba - Acting Chief Executive officer (from 17 December 2020)	1 289 852	215 737	166 660	1 672 249
R Oostihuizen - Chief Executive Officer	1 635 774	88 840	196 022	1 920 636
MG Jafta - Chief Financial Officer	1 388 501	65 934	175 208	1 629 643
ZL Khoza Acting General Manager Technical Training Operations	1 012 649	167 669	122 030	1 302 348
B Hlatshwayo - Acting General Manager Hospitality and Tourism Academy (from 1 October 2019)	756 775	153 042	131 530	1 041 347
S Shungube - Acting General Manager Corporate Services (from 23 February 2021)	433 257	114 999	53 231	601 487
	6 516 808	**806 221**	**844 681**	**8 167 710**

EXECUTIVE MANAGEMENT: 2020	Basic salary R	Short term benefits (includes bonus, acting allowances) R	Post employment benefits R	Total R
R Oostihuizen - Chief Executive Officer	1 473 274	240 337	196 022	1 909 633
MG Jafta - Chief Financial Officer	1 328 500	129 223	166 659	1 624 382
MS Makgoba - General Manager Corporate Services	1 296 692	161 151	166 659	1 624 502
ZL Khoza Acting General Manager Technical Training Operations	917 441	263 183	120 938	1 301 562
SM Sefanyetso - Acting General Manager Hospitality and Tourism Academy (Term ended 30 September 2019)	934 741	189 704	120 938	1 245 383
B Hlatshwayo - Acting General Manager Hospitality and Tourism Academy (from 1 October 2019)	711 542	149 330	89 428	950 300
	6 662 190	**1 132 928**	**860 644**	**8 655 762**

MRTT

26. RISK MANAGEMENT

LIQUIDITY RISK

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

AT 31 MARCH 2021	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Trade and other payables	19 597 672	-	-	-
Provisions	5 876 870	-	-	-

AT 31 MARCH 2020	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Trade and other payables	4 848 841	-	-	-
Provisions	5 220 238	-	-	-

CREDIT RISK

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

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

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

FINANCIAL INSTRUMENT	2021 R	2020 R
Cash and Cash equivalents	**54 802 742**	**51 189 524**
- Current	6 545 497	(214 422)
- 30 days	455 902	18 161
- 60 days	4 169 154	281 483
- 90 - 120 days	2 750 605	(3 712)
+ 150 days	3 175 667	5 076 378
Total receivablesfrom exchange transactions	**17 096 825**	**5 157 888**
Inter Company account - Royal Hotel	6 202 955	4 534 554

26. RISK MANAGEMENT (CONTINUED)

MARKET RISK

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

The entity does not hedge foreign exchange fluctuations.

PRICE RISK

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

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

27. GOING CONCERN

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

28. FRUITLESS AND WASTEFUL EXPENDITURE

	2021 R	2020 R
Opening balance	1 000	1 000
Amounts recovered from official responsible	(1 000)	-
	-	**1 000**

Fruitless and wastefull expenditure for the previous financial year is due to penalties charged on the late submission of CIPC returns.

29. IRREGULAR EXPENDITURE

Opening balance	19 537 856	17 458 300
Add: Irregular Expenditure - current year	14 156 711	2 079 556
	33 694 567	**19 537 856**

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year	14 156 711	2 079 556
Prior years	19 537 856	17 458 300
	33 694 567	**19 537 856**

29. IRREGULAR EXPENDITURE (CONTINUED)

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

INCIDENT	DESCRIPTION	2021 R
Incident 1	The irregular expenditure is due to extension of 3 key contracts during the 2016-17 financial year. The extension of the 3 contracts by the entity were for key service providers at the Hospitality and Tourism Academy so that quality orf service, meals and training was not disturbed. The Internal Auditors have been engaged to conduct a determination assessment whether there was financial loss, fraud and who is responsible	239 977
Incident 2	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	4 150 361
Incident 3	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	8 970 505
Incident 4	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	19 350
Incident 5	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	164 965
Incident 6	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	78 356
Incident 7	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	11 900
Incident 8	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	484 442
Incident 9	Purchase price of some items exceeded the amount on annexure A of National Treasury Instruction 05 of 2020-21	36 855
		14 156 711

30. SEGMENT INFORMATION

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

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

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

TYPES OF GOODS AND/OR SERVICES BY SEGMENT

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

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

30. SEGMENT INFORMATION (CONTINUED)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2021	Hospitality and Tourism R	Technical Training Operations R	Corporate services R	Total R
REVENUE				
Revenue from non-exchange transactions	-	70 453 000	23 676 000	94 129 000
Revenue from exchange transactions	3 286 505	16 267 770	4 541 460	24 095 735
Total segment revenue	**3 286 505**	**86 720 770**	**28 217 460**	**118 224 735**
Entity's revenue				**118 224 735**
EXPENDITURE				
Administration	-	-	9 433 922	9 433 922
Operating expenses	5 022 371	28 936 843	11 901 837	45 861 051
Personnel	-	-	66 298 666	66 298 666
Debt impairment	-	-	5 864 730	5 864 730
Depreciation and amortisation	3 632 285	1 683 122	2 143 385	7 458 792
Total segment expenditure	**8 654 656**	**30 619 965**	**95 642 540**	**134 917 161**
Total segmental (deficit)				**(16 692 426)**
ASSETS				
Inventories	26 062	-	364 932	390 994
Property plant and equipment	51 582 772	18 554 929	35 761 115	105 898 816
Cash and cash equivalents	10 561 921	-	44 240 821	54 802 742
Total segment assets	**62 170 755**	**18 554 929**	**80 366 868**	**161 092 552**
Receivables from exchange transactions				450 787
Investments in controlled entities				100
Total assets as per Statement of financial Position				**161 543 439**
Payables				18 967 751
Provisions				5 876 870
Revaluation reserves				93 620 566
Accumulated surplus				43 078 252
Total liabilities as per Statement of financial Position				**161 543 439**

30. SEGMENT INFORMATION (CONTINUED)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2020	Hospitality and Tourism R	Technical Training Operations R	Corporate services R	Total R
REVENUE	-	-	113 693 000	113 693 000
Revenue from non-exchange transactions	4 075 536	9 843 547	3 655 004	17 574 087
Revenue from exchange transactions	4 075 536	9 843 547	117 348 004	131 267 087
Total segment revenue				
Entity's revenue				**131 267 087**
EXPENDITURE				
Administration	-	1 132 161	7 205 907	8 338 068
Operating expenses	8 046 321	37 078 821	17 248 510	62 373 652
Personnel	-	-	74 786 596	74 786 596
Debt impairment	-	-	383 723	383 723
Depreciation and amortisation	-	-	7 416 513	7 416 513
Total segment expenditure	**8 046 321**	**38 210 982**	**107 041 249**	**153 298 552**
Total segmental (deficit)				**(22 031 465)**
ASSETS				
Current assets	-	-	56 879 993	56 879 993
Non-Current assets	-	-	113 749 909	113 749 909
Total segment assets	**-**	**-**	**170 629 902**	**170 629 902**
Total assets as per Statement of financial Position				**170 629 902**
LIABILITIES				
Current liabilities			10 069 079	10 069 079
Net Assets			160 560 823	160 560 823
Total segment liabilities			170 629 902	170 629 902
Total liabilities as per Statement of financial Position				**170 629 902**

MEASUREMENT OF SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

BASIS OF ACCOUNTING FOR TRANSACTIONS BETWEEN REPORTABLE SEGMENTS

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

31. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021=

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 2021 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis

31. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

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 2021 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

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

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

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

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

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

PART E

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR

MPUMALANGA REGIONAL TRAINING TRUST (NPC)

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

AND

MRTT ROYAL HOTEL PILGRIMS REST (PTY) LTD

FOR THE YEAR ENDED 31 MARCH 2021

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Skills Development
MEMBERS	TE Mawelele - Acting Chairperson (from 3 February 2021) TR Mokgoshi (Chairperson up to 17 December 2020) BM Singwane B Sibanyoni MI Tibane PP Maoko JH Mathabe - resigned 31 March 2021 GA Deiner - resigned 5 March 2021 LH Moyane - Acting Head: Provincial Department of Education - *ex-officio* MS Makgoba - Acting Chief Executive Officer - *ex-officio* (from 17 December 2020)
REGISTERED OFFICE	Corridor Crescent N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
BUSINESS ADDRESS	Corridor Crescent N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER	013 656 0875
FAX NUMBER	013 656 0632
BANKERS	Standard Bank of South Africa
EXTERNAL AUDITORS	Auditor-General South Africa (AGSA)
INTERNAL AUDITORS	SAB&T Auditors
SECRETARY	KM Mohlala
COMPANY REGISTRATION NUMBER	1993/006132/08

DIRECTORS RESPONSIBILITY AND APPROVAL

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

The Directors acknowledge that the Directors is ultimately responsible for a system of internal financial controls established by MRTT and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout MRTT and all employees are required to maintain the highest ethical standards in ensuring the MRTT's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management is on identifying, assessing and monitoring all known forms of risk across MRTT.

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

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

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

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

The Directors approved the Annual Financial Statements for the year ended 31 March 2021 as set out on pages 120 to 146 on 28 May 2021 which were signed on its behalf by

TE Mawelele
Acting Chairperson

MS Makgoba
Acting Chief Executive Officer

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.

Deficit 2021: R20 697 360
Deficit 2020: R25 172 421

2. POST BALANCE SHEET EVENTS

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

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:

Ms. TE Mawelele – Acting Chairperson

Mr. TR Mokgoshi – Non-Executive Director

Mr. JH Mathabe – Non-Executive Director

Mr. B Sibanyoni – Non-Executive Director

Mr. MI Tibane– Non-Executive Director

Mr PP Maoko - Non Executive Director

Mr BM Singwane - Non Executive Director

Ms GA Deiner (Resigned 28 February 2021) - Non Executive Director

Mr. JH Mathabe (Resigned 28 February 2021) – Non-Executive Director

Mr MS Makgoba – Acting Chief Executive Officer (ex- officio)

5. SECRETARY

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

BUSINESS ADDRESS

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

POSTAL ADDRESS

Private Bag X7288
Emalahleni
1035

6. AUDITORS

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

7. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The entity incurred Irregular expenditure of R14 156 711 in the current financial year and for the prior financial year the expenditure was R2 079 556

REPORT OF THE AUDITOR GENERAL

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

UNMODIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS

1. I have audited the separate financial statements of the Mpumalanga Regional Training Trust set out on pages 120 to 146 which comprise the separate statement of financial position as at 31 March 2021, the separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the separate financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2021, and their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

3. I was engaged to audit the consolidated financial statements of the Mpumalanga Regional Training Trust and its subsidiary (the group) set out on pages … to …, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.
4. I do not express an opinion on the financial statements of the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS SUBMITTED WITHOUT THE AUDITED FINANCIAL STATEMENTS OF THE ROYAL HOTEL (PTY) LTD (SUBSIDIARY)

5. I was unable to obtain sufficient appropriate audit evidence regarding the consolidated financial statements as a whole, as the financial statements were presented for audit purposes without the audited financial statements for the subsidiary. I was unable to audit the financial statements of the subsidiary by alternative means. Consequently, I was unable to determine whether any further adjustments to this subsidiary's financial statements would have been necessary.
6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
7. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the separate financial statements.

EMPHASIS OF MATTERS

9. I draw attention to the matters below. My opinion on the separate financial statements is not modified in respect of these matters.

MATERIAL IMPAIRMENTS – RECEIVABLES FROM EXCHANGE TRANSACTIONS

10. As disclosed in note 8 to the separate financial statements, material impairment of R16,97 million was incurred as a result of the impairment provision of the receivables from exchange transactions.

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

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

15. My responsibility is to conduct an audit of the consolidated financial statements in accordance with the ISAs and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.
16. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the Mpumalanga Regional Training Trust's (entity) approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 2: Technical training operations	25 – 28

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - Programme 2 – technical training operations

OTHER MATTER

22. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

23. Refer to the annual performance report on pages 19 to 38 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) and (b) of the PFMA.
27. Material misstatements of revenue, receivables, expenditure, irregular expenditure and related parties identified by the auditors in the submitted separate financial statements were corrected, which resulted in the separate financial statements receiving an unqualified opinion.
28. Material misstatements identified by the auditors in the consolidated financial statements were not adequately corrected or the supporting documentation could not be provided subsequently, which resulted in the consolidated financial statements receiving a disclaimer of opinion.

EXPENDITURE MANAGEMENT

29. Effective and appropriate steps were not taken to prevent irregular expenditure of R14,16 million as disclosed in note 20.2 to the consolidated and separate financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by the extension of contracts without inviting competitive bids.

CONSEQUENCE MANAGEMENT

30. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure in the previous year, as required by section 51(1)(e)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into irregular expenditure.

OTHER INFORMATION

31. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected programmes objectives presented in the annual performance report that have been specifically reported in this auditor's report.
32. My opinion on the separate financial statements and disclaimer of opinion on the consolidated financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, if I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and issue amended report as appropriate. If the other information is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

35. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the disclaimer of opinion on the consolidated financial statements and the findings on compliance with legislation included in this report.

- Management did not always monitor the daily, weekly and monthly processes relating to record keeping, recording transactions and adherence to legislation. In addition, management did not ensure that the entity's policies and procedures were implemented properly, action plans adequately addressed the root causes of internal and external audit findings, and non-compliance with legislation was prevented.

OTHER REPORTS

36. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's/group's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the separate financial statements and the disclaimer of opinion on the consolidated financial statements or my findings on the reported performance information or compliance with legislation.
37. A forensic audit by the internal audit unit into allegations of abuse of the entity's SCM system was in progress at the date of this report.
38. An investigation into allegations against the chief executive officer was still on-going at the date of this report.
39. The Special Investigating Unit (SIU) is investigating government-wide covid-19 procurement in accordance with the presidential proclamation. At the date of this report, this investigation, which is also being conducted at MRTT, was still in progress.

Auditor General

Mbombela

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		GROUP		COMPANY	
	Note(s)	2021 R	2020 R	2021 R	2020 R
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	105 793 989	113 513 082	105 793 989	113 513 082
Intangible assets	6	104 827	236 727	104 827	236 727
Inter Company account - Royal Hotel	21	-	-	-	4 534 554
Deferred tax		-	-	-	-
Investment in Subsidiary		-	-	100	100
		105 898 816	**113 749 809**	**105 898 916**	**118 284 463**
CURRENT ASSETS					
Cash and cash equivalents	7	55 042 501	51 409 769	54 802 742	51 189 524
Property plant and equipment (Liquidation)	5	90 755	90 755	-	-
Deferred tax		-	-	-	-
Receivables from exchange transactions	8	2 219 937	3 400 444	1 080 709	901 023
Receivables from non-exchange transactions	9	-	-	-	-
Inventories	10	610 571	474 857	390 994	254 892
Prepayments		-	-	-	-
		57 963 764	**55 375 825**	**56 274 445**	**52 345 439**
Total Assets		**163 862 580**	**169 125 634**	**162 173 361**	**170 629 902**
LIABILITIES					
NON-CURRENT LIABILITIES					
Operating lease liability		-	-	-	-
CURRENT LIABILITIES					
Payables from exchange transactions	11	20 787 714	6 037 592	19 597 673	4 848 841
Operating lease liability		26 321	26 321		
Employee benefits	12	5 876 870	5 220 238	5 876 870	5 220 238
Total Liabilities		**26 690 905**	**11 284 151**	**25 474 543**	**10 069 079**
NET ASSETS					
Accumulated surplus		43 551 109	60 824 459	43 078 252	63 543 799
Reserves	27	93 620 566	97 017 024	93 620 566	97 017 024
		137 171 675	**157 841 483**	**136 698 818**	**160 560 823**
Total liabilities and reserves		**163 862 580**	**169 125 634**	**162 173 361**	**170 629 902**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
REVENUE					
Revenue from non-exchange transactions	1	94 129 000	113 693 000	94 129 000	113 693 000
Revenue from exchange transactions	2	26 307 456	26 208 255	24 090 932	17 569 146
Other Income	3	4 803	4 941	4 803	4 941
Total revenue		**120 441 259**	**139 906 196**	**118 224 735**	**131 267 087**
EXPENSES	4				
Personnel	4.1	70 149 250	81 457 831	66 266 824	74 786 596
Administrative	4.2	9 433 921	8 338 069	9 433 921	8 338 069
Other operating expenses	4.3	41 350 030	67 135 644	40 007 614	62 373 652
Depreciation and amortisation expense	5&6	7 458 792	7 463 633	7 458 792	7 416 513
Taxation		-	299 717		
Debt impairment		12 716 626	383 723	18 919 581	383 723
Total expenses		**141 108 619**	**165 078 617**	**142 086 732**	**153 298 553**
Profit / (Loss)for the period		**(20 667 360)**	**(25 172 421)**	**(23 861 997)**	**(22 031 466)**

GROUP STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 April 2019	27	**100 413 482**	**81 850 457**	**182 263 939**
Loss for the year		-	(25 172 421)	(25 172 421)
Prior period error			746 966	746 966
Realisation of revaluation reserve		(3 393 458)	3 393 458	-
Total changes		**(3 000)**	**3 551**	**551**
Balance at 01 April 2020		**97 017 024**	**60 822 011**	**157 839 035**
Loss for the year		-	(20 667 360)	(20 667 360)
Consolidation		-	-	-
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Balance at 31 March 2021		**93 620 566**	**43 551 109**	**137 171 675**

MRTT STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 April 2019	27	**100 413 482**	**82 178 799**	**182 592 281**
Loss for the year		-	(22 031 466)	(22 031 466)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Total changes		**-**	**-**	**-**
Balance at 01 April 2020		**97 017 024**	**63 543 791**	**160 560 815**
Loss for the year		-	(23 861 997)	(23 861 997)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Balance at 31 March 2021		**93 620 566**	**43 078 252**	**136 698 818**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM STAKEHOLDERS					
Cash receipts from government entities (Transfers)		94 129 000	113 693 000	94 129 000	113 693 000
Cash receipts from own generated income		10 102 353	21 524 617	10 102 353	21 524 617
Interest received		1 726 992	3 495 937	1 726 992	3 495 937
Other cash items		-	110 707 000	-	110 707 000
CASH PAID TO STAKEHOLDERS					
Personnel and Suppliers		(101 629 689)	(279 041 176)	(101 649 203)	(276 627 383)
Net cash flows from operating activities	13	**4 328 656**	**(29 620 622)**	**4 309 142**	**(27 206 829)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(695 926)	(1 846 474)	(695 926)	(1 813 503)
Proceeds from disposal of fixed assest		-	15 198	-	15 198
Net cash flows from investing activities		**(695 926)**	**(1 831 276)**	**(695 926)**	**(1 798 305)**
CASHFLOWS FROM FINANCING ACTIVITIES					
Movement of intercompany account - MRTT		-	1 719 879	-	-
Net cash flow from financing activities		**-**	**1 719 879**	**-**	**-**
Net increase / (decrease) in cash and cash equivalents		**3 632 730**	**(29 732 019)**	**3 613 218**	**(29 005 134)**
Cash and cash equivalents at beginning of the year	7	51 409 771	81 141 788	51 189 524	80 194 658
Cash and cash equivalents at end of period	7	**55 042 501**	**51 409 769**	**54 802 742**	**51 189 524**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR MRTT

FOR THE YEAR ENDED 31 MARCH 2021

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note on variance
RECEIPTS				
Transfers from other government entities	94 129 000	94 129 000	-	25.1
Revenue from exchange tranactions	86 295 096	24 095 735	(62 199 361)	25.2
Total receipts	**180 424 096**	**118 224 735**	**(62 199 361)**	
PAYMENTS				
Personnel	67 925 071	66 266 824	1 658 247	25.3
Goods and services	108 766 525	75 819 908	32 946 617	25.4
Capital Expenditure	3 732 500	695 926	3 036 574	25.5
Total payments	**180 424 096**	**142 782 658**	**37 641 438**	
NET RECEIPTS	**-**	**(24 557 923)**	**(99 840 799)**	

RECONCILATION

Basis difference	
Depreciation and amortisation	7 458 792
Accruals	1 921 999
Provisions	2 025 994
Debt impairment	18 919 581
Actual Amount in the Statement of Financial Performance excluding the non cash items	**5 768 443**

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

1.1 BASIS FOR MEASUREMENT

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

1.2 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in South African Rands, which is the Mpumalanga Regional Training Trust's functional currency. All financial information presented in rends has been rounded to the nearest rand, unless otherwise stated.

1.3 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

IMPAIRMENT OF DEBTORS

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

FAIR VALUE ESTIMATES

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

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

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

PROPERTY, PLANT AND EQUIPMENT

Property, vehicles, plant and equipment is depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological

innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

INTANGIBLE ASSETS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

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

1.4 GOING CONCERN

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

1.5 ACCRUAL BASIS OF ACCOUNTING

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

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

GRAP 18 Segment reporting
GRAP 20 Related party disclosure
GRAP 32 Service Concession Arrangement Grantor
GRAP 109 Accounting Principals and Agents
GRAP 110 Living and Non Living Resources
No effective date has been determined by the Minister of Finance

3. FINANCIAL INSTRUMENTS

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

RECOGNITION

Financial assets and financial liabilities are recognised on the statement of financial position when MRTT becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial liabilities are recognised using trade date accounting.

MEASUREMENT

FINANCIAL ASSETS

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

3.1. RECEIVABLES FROM NON-EXCHANGE TRANSACTION

Accounts receivables are stated at amortised cost using the effective interest rate method reduced by appropriate allowances for impairment. Accounts receivables are financial assets that have fixed or determinable payments and are not quoted in an active market.

IMPAIRMENT OF RECEIVABLES

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

For customers who have defaulted, management makes judgments based on an assessment of their ability to make payments based on credit worthiness and historical write-off experience. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment.

3.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by MRTT unless otherwise stated. All financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisations.

3.3 FINANCIAL LIABILITIES

MRTT's principle financial liabilities are accounts payable.

PAYABLES FROM EXCHANGE TRANSACTIONS

Accounts and other payables are stated at their nominal value.

Short-term payables with no interest rate are measured at the original invoice amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days.

DE-RECOGNITION

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

- the right to receive cash flows from the asset have expired;
- MRTT retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- MRTT has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset or
  - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

OFFSET OF FINANCIAL ASSETS AND LIABILITIES

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

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES:

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

Risks and exposure are disclosed as follows:

CREDIT RISK

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

LIQUIDITY RISK

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

INTEREST RISK

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuates because of changes in market interest rates. Management has assessed the impact of interest rate risk on the operations of the entity and considers the risk to be negligible.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the entities income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

PROVISIONS

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

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

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

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

CONTINGENT LIABILITIES

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MRTT

; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

3.4. REVENUE

REVENUE RECOGNITION

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

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

REVENUE FROM EXCHANGE TRANSACTIONS

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

INTEREST INCOME

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

GAINS OR LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

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

OTHER INCOME

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

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

3.5. PROPERTY, PLANT AND EQUIPMENT

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

RECOGNITION

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

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

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

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

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

MEASUREMENT AT RECOGNITION

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

REPAIRS AND MAINTENANCE

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

SUBSEQUENT EXPENDITURES

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

DEPRECIATION

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

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

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

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

USEFUL LIVES

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

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

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

DE-RECOGNITION

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

On disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. Gains are not be classified as revenue.

IMMOVABLE ASSETS

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

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

Revaluations are done every five years such that the carrying amount does not differ materially from that which would be determined using fair value. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

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

USEFUL LIFE

Buildings	20 years

3.6. INTANGIBLE ASSETS

INITIAL RECOGNITION

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

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

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

MEASUREMENT

Intangible assets are initially recognised at cost.

SUBSEQUENT EXPENDITURE

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

AMORTISATION

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

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

USEFUL LIVES

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

DE-RECOGNITION

The carrying amount of intangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds with the carrying amounts.

3.7. INVENTORY

Recognition

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

MEASUREMENT

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

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

MEASUREMENT AFTER RECOGNITION

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

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

RECOGNITION AS AN EXPENSE

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

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

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

3.8. IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

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

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

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

Revalued assets reversal of impairment is done through the revaluation surplus / reserve

3.9. PROVISIONS

RECOGNITION

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

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

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

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

MEASUREMENT

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

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

3.10. LEASED ASSETS

OPERATING LEASES

Leases that MRTT enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

3.11. EMPLOYEE BENEFITS LEAVE BENEFITS

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

ANNUAL BONUS PLANS

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

RETIREMENT BENEFITS

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

MEDICAL BENEFITS

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

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

3.12 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

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

3.13 RELATED PARTY TRANSACTIONS

The Mpumalanga Regional Training Trust constitutes part of the provincial government in terms of the Public Finance Management Act (Act no. 1 of 1999).

In terms of IPSA 20 Related party means parties are considered to be related if one party has the ability to:

(a) control the other party, or

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

- (a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the reporting entity;
- (b) Associates (see IPSAS 7, "Investments in Associates");
- (c) Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- (d) Key management personnel, and close members of the family of key management personnel; and
- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The following are deemed not to be related: [IPSAS .12]

In the context of this Standard, the following are deemed not to be related parties:

(i) Providers of finance in the course of their business in that regard; and

(ii) Trade unions;

in the course of their normal dealings with an entity by virtue only of those dealings (although they may circumscribe the freedom of action of an entity or participate in its decision-making process);

3.14 INVESTMENTS IN SUBSIDIARIES

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

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated Annual Financial Statements incorporate the assets, liabilities, income, expenses and cash flows of the Corporation and its subsidiaries. The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. Inter-company transactions and balances are eliminated on consolidation.

COMPANY ANNUAL FINANCIAL STATEMENTS

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably

3.15 PRIOR PERIOD ERRORS

Prior period errors are omissions from and misstatements in the financial statements for one or more prior periods arising from failure to use/misuse of reliable information that was available when the financial statements for that period were issued, and could not have been reasonably expected to be taken into account in those financial statements.

Corrections of all errors will be made retrospectively as follows:

Restatement of comparative amounts for prior periods in which error occurred or if the error occurred before that date, restate opening balance of assets, liabilities and net assets for earliest period presented.

Where it is impractical to determine the period specific effects of the error, opening balances for the earliest period practicable will be restated.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
1. REVENUE FROM NON EXCHANGE TRANSACTIONS				
Transfers from provincial government	94 129 000	113 693 000	94 129 000	113 693 000
2. REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of service	26 307 456	26 208 255	24 090 932	17 569 146
3. OTHER REVENUE				
Bad debts recovered	4 803	4 941	4 803	4 941
Total Revenue	**120 441 259**	**139 906 196**	**118 224 735**	**131 267 087**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

Operating and administrative expenditure includes

4.1 PERSONNEL

Basic	47 874 539	57 461 640	43 992 113	50 790 405
Medical aid	944 321	907 771	944 321	907 771
Statutory payments	12 626 842	14 312 763	12 626 842	14 312 763
Provident and Pension fund	8 311 398	8 386 607	8 311 398	8 386 607
Allowances	392 150	389 050	392 150	389 050
	70 149 250	**81 457 831**	**66 266 824**	**74 786 596**

4.2 ADMINISTRATIVE

Rates and Taxes	1 207 893	1 254 525	1 207 893	1 254 525
Communication	1 261 398	1 087 505	1 261 398	1 087 505
Insurance	705 036	732 174	705 036	732 174
Motor fleet	732 510	906 497	732 510	906 497
Lease costs	254 213	228 418	254 213	228 418
Security	2 131 078	1 803 300	2 131 078	1 803 300
Rent	1 421 215	1 094 411	1 421 215	1 094 411
Printing and stationary	206 910	336 718	206 910	336 718
Repairs and maintaince	26 588	45 461	26 588	45 461
Other Admin Expenses	1 487 080	849 060	1 487 080	849 060
	9 433 921	**8 338 069**	**9 433 921**	**8 338 069**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
4.3 OTHER OPERATING EXPENSES				
Professional fees	1 615 700	3 164 234	1 615 700	3 164 234
Audit fees	4 638 322	4 345 820	4 638 322	4 193 820
Bank charges	224 692	557 482	206 995	494 990
Training material cost	3 227 633	7 195 089	3 227 633	7 195 089
Staff appointment and Recruitment cost	119 284	546 378	119 284	546 378
Marketing costs	136 121	422 731	136 121	422 731
Subsistence and travel	3 724 574	4 517 295	3 724 574	4 517 295
Other operating costs	27 663 704	46 386 615	26 338 985	41 839 115
	41 350 030	**67 135 644**	**40 007 614**	**62 373 652**

5. PROPERTY, PLANT AND EQUIPMENT

2021	Cost R	Accumulated depreciation R	Carrying Value R
OWNED ASSETS			
Land and buildings	137 718 862	(40 850 100)	96 868 762
Machinery and equipment	4 670 172	(1 432 394)	3 237 778
Motor vehicles	3 127 993	(1 998 461)	1 129 532
Office equipment	509 403	(244 649)	264 754
Office furniture	5 209 974	(3 085 689)	2 124 285
Domestic equipment	1 844 626	(874 501)	970 125
Computer equipment	2 340 837	(1 051 329)	1 289 508
TOTAL	**155 421 867**	**(49 537 123)**	**105 884 744**

The land and buildings were revalued as at 27 March 2019 by an independent appraiser registered as a Professional Associated Valuer with the South African Council for the Property Valuers Profession on a depreciated net replacement value with reference to recent market transactions on arm's length basis. The next revaluation will be performed by the entity for during the year that will end 31 March 2024. Land and buildings are re-valued every 5 years.

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

5.1 MOVEMENT MARCH 2021 FINANCIAL YEAR

	31 March 2020 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2021 Carrying Value R
OWNED ASSETS					
Land and buildings	102 966 029			(6 097 266)	96 868 763
Machinery and equipment	3 673 680	190 680	(368 193)	(258 389)	3 237 778
Motor vehicles	1 477 188		(40 658)	(306 998)	1 129 532
Office equipment	434 711	-	(121 545)	(48 412)	264 754
Office furniture	2 659 894	107 941	(343 117)	(300 433)	2 124 285
Domestic equipment	920 663	280 856	(151 657)	(79 737)	970 125
Computer equipment	1 471 671	116 449	(62 947)	(235 665)	1 289 508
TOTAL	**113 603 836**	**695 926**	**(1 088 117)**	**(7 326 900)**	**105 884 745**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

DETAILS OF PROPERTIES:

REF Farm Nyamassan 137 JU. The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms and a swimming pool. The site area is 29,423 square meters.	43 685 261
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.	12 630 740
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	27 880 067
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill and Skills Hub	11 590 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 352 694
	96 868 762

	31 March 2019 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2020 Carrying Value R
OWNED ASSETS					
Land and buildings	109 080 001			(6 113 971)	102 966 030
Machinery and equipment	3 179 918	727 090		(233 328)	3 673 680
Motor vehicles	1 787 307			(310 119)	1 477 188
Office equipment	483 268	2 465		(51 022)	434 711
Office furniture	2 423 923	517 940		(281 969)	2 659 894
Domestic equipment	916 551	100 267		(94 119)	922 699
Computer equipment	1 278 928	456 484	(15 198)	(250 579)	1 469 635
TOTAL	**119 149 896**	**804 246**	**(15 198)**	**(7 335 107)**	**113 603 837**

DETAILS OF PROPERTIES:

REF Farm Nyamassan 137 JU. The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms and a swimming pool. The site area is 29,423 square meters.	46 873 264
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.	13 199 221
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	29 852 332
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill.	3 490 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 451 212
Skills Hub land	8 100 000
TOTAL	**102 966 030**

6. INTANGIBLE ASSETS

	2021 Cost R	2021 Accumulated Amortisation R	2021 Net Book Value R	2020 Cost R	2020 Accumulated Amortisation R	2020 Net Book Value R
Computer Software	395 941	(291 114)	104 827	1 046 615	(809 888)	236 727

RECONCILIATION OF INTANGIBLE ASSETS - 2021

	Carrying value R	Amortisation for the year R	Net Book Value R
Computer Software	236 727	(131 900)	104 827

RECONCILIATION OF INTANGIBLE ASSETS - 2020

	Carrying value R	Amortisation for the year R	Net Book Value R
Computer Software	323 024	(86 297)	236 727

7. CASH AND CASH EQUIVALENTS

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

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Cash on hand and balances in banks	13 329 568	14 945 828	13 089 809	14 725 583
Short term investments	41 712 933	36 463 941	41 712 933	36 463 941
	55 042 501	**51 409 769**	**54 802 742**	**51 189 524**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Gross trade receivables	20 980 134	9 444 015	18 054 200	5 157 888
Bad debts written off	-	-	-	-
Allowance for impairment	(18 763 697)	(6 047 071)	(16 976 991)	(4 260 365)
	2 216 437	**3 396 944**	**1 077 209**	**897 523**
Prepayments	-	-	-	-
Deposits	3 500	3 500	3 500	3 500
	2 219 937	**3 400 444**	**1 080 709**	**901 023**

9. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
Transfers from provincial government	-	-	-	-
Bad debts written off	-	-	-	-
Allowance for impairment	-	-	-	-
	-	**-**	**-**	**-**

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

	GROUP		COMPANY	
	2021 R	2020 R	2021 R	2020 R
10. INVENTORIES				
Consumables	610 571	474 857	390 994	254 892

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	3 861 008	3 095 163	2 670 967	1 906 412
Artisan development training	-	-	-	-
Accruals	1 921 999	975 413	1 921 999	975 413
Income received in advance	15 004 707	1 967 016	15 004 707	1 967 016
	20 787 714	**6 037 592**	**19 597 673**	**4 848 841**

12. EMPLOYEE BENEFITS

Balance at the beginning of the year	5 220 238	5 196 661	5 220 238	5 196 661
Provision utilised	(1 369 362)	(2 238 831)	(1 369 362)	(2 238 831)
Provision raised in current year	2 025 994	2 262 408	2 025 994	2 262 408
Balance at the end of the year	**5 876 870**	**5 220 238**	**5 876 870**	**5 220 238**

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

13. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

Deficit for the year	(20 667 360)	(25 172 421)
Adjustments for the year		
Depreciation of property, plant and equipment	7 458 792	(7 335 107)
Impairment of inter company account	-	-
Debt Impairment	12 716 626	-
Movement in provisions of employee benefits	656 632	23 577
Loss on disposal	1 088 117	-
Movements in consolidation	(2 442)	15 080 671
Changes in working capital		
Decrease in inventories	(135 714)	201 994
Decrease /(Increase) in trade and other receivables	(11 536 119)	7 570 387
Impairment	-	383 723
Intercompany account	-	(1 719 879)
Prepaid expenses	-	-
Increase in trade and other payables	14 750 124	(18 653 567)
Cash generated by operations	**4 328 656**	**(29 620 622)**

14. AUDITORS' REMUNERATION

	GROUP 2021 R	GROUP 2020 R	COMPANY 2021 R	COMPANY 2020 R
External audit fees	3 237 020	3 963 399	3 237 020	3 811 399
Internal audit fees	1 401 302	382 421	1 401 302	382 421
	4 638 322	**4 345 820**	**4 638 322**	**4 193 820**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS

DIRECTORS' REMUNERATION: NON EXECUTIVE MEMBERS		
FEES FOR SERVICES AS BOARD MEMBERS		
Ms TE Mawelele - Acting Chairperson	232 320	246 036
Mr PP Maoko	199 218	238 980
Mr BM Singwane	130 528	76 857
Ms GA Deiner - Resigned 28 February 2021	177 274	221 313
Mr TR Mokgoshi	199 134	260 302
Mr JH Mathabe - Resigned 28 February 2021	7 810	51 256
Mr B Sibanyoni	305 026	291 794
Mr MI Tibane	229 599	220 356
	1 480 909	**1 606 894**

EXECUTIVE MANAGEMENT 2021	Basic Salary R	Short term employment benefits R	Post employme nt benefits R	Total R
MS Makgoba - Acting Chief Executive Officer (From 17 December 2020)	1 289 852	215 737	166 660	1 672 249
R Oostihuizen - Chief Executive Officer	1 635 774	88 840	196 022	1 920 636
MG Jafta - CFO	1 388 501	65 934	175 208	1 629 643
ZL Khoza - Acting GM Technical Training Centres	1 012 649	167 669	122 030	1 302 348
B Hlatshwayo - Acting GM HTA (From 1 October 2019)	756 775	153 042	131 530	1 041 347
S Shungube - Acting GM Corporate Services (from 23 February 2021)	433 257	114 999	53 231	601 487
	6 516 808	**806 221**	**844 681**	**8 167 710**

16. RETIREMENT BENEFITS

	COMPANY 2021 R	COMPANY 2020 R
DEFINED CONTRIBUTION PLAN		

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

Total company contribution	8 311 398	8 386 606

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 2021	0 to 1 year R	2 to 5 years R
Future lease payments	1 014 499	65 450

FUTURE MINIMUM LEASE PAYMENTS AS AT 31 MARCH 2020	0 to 1 year R	2 to 5 years R
Future lease payments	1 347 922	135 088

18. COMMITMENTS

	2021 R	2020 R

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

	2021 R	2020 R
Commitments	192 000	3 343 830

19. TAXATION

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

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

20.1. FRUITLESS AND WASTEFUL EXPENDITURE

	2021 R	2020 R
Fruitless and wasteful expenditure	1 000	1 000
Amount recovered from responsible official	(1000)	-
Total	**-**	**1 000**

Fruitless and wasteful expenditure for the previous financial year is due to penalties charged on the late submission of CIPC returns.

20.2 IRREGULAR EXPENDITURE

	2021 R	2020 R
Opening balance	19 537 856	17 458 300
Add: Irregular Expenditure - current year	14 156 711	2 079 556
Total	**33 694 567**	**19 537 856**

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR – 2019-2020

Incident 1: The irregular expenditure is due to extension of key contracts during the 2016-17 financial year.	239 977
Incident 2 – 9: Contact variation greater than 15% as guided by National Treasury note 3 of 2016-17	13 916 734

21. RELATED PARTIES DISCLOSURES

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

2021

Nature of business	Relationship to company	Artisan Development Programme R	Purchases by related party R	Receipts from related party R	Inter Company account R
Department of Education	Controlling Department	-	21 970 991	94 129 000	-
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd					6 202 955
Impairment of the balance at 100%					**(6 202 955)**

AMOUNTS INCLUDED IN TRADE RECEIVABLES (TRADE PAYABLE) REGARDING RELATED PARTIES	2021 R	2020 R
Department of Education	4 776 195	-
Impairment of the balance at 100%	-4 776 195	-
	-	-

2020

Nature of business	Relationship to company	Artisan Development Programme R	Purchases by related party R	Receipts from related party R	Inter Company account R
Department of Education	Controlling Department	110 707 000	4 363 028	113 693 000	-
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd		-	-	-	4 534 554

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

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

   Amount being contested is R106 956.

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

2. The Labour Appeal Court (LAC) declared the salary increase for the 2020/2021 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will conform if the entity will be obligated to pay the salary increases in dispute. The total amount cannot be established because the case is still being heard,

23. RISK MANAGEMENT

LIQUIDITY RISK

MRTT's risk to liquidity is a result of the funds available to cover future commitments. MRTT manages the liquidity risk through an ongoing review of future commitments and the cash flows arising from allocations by the Provincial Department of Education.

INTEREST RATE RISK

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

LIQUIDITY RISK

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

Financial Instrument	Current interest rate	Due in less than a year R	Due in one to two years R	Due in two to three years R	Due in four to five years R	Due after five years R
Trade and other payables	3.5%	20 787 714	-	-	-	-
Provision for employee benefits		5 876 870	-	-	-	-

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.

	2021 R	2020 R
Cash and cash equivalents	55 042 501	51 189 524
Receivables ageing is as follows - Current	6 545 497	(214 422)
- 30 days	455 902	18 161
- 60 days	4 169 154	281 483
- 90 - 120 days	2 750 605	(3 712)
- 180 days	5 961 436	5 076 378

CURRENCY RISK

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

PRICE RISK

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

24. INVESTMENT IN SUBSIDIARY

During the financial year 2012/13 review the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MR TT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic and operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The consolidated Annual Financial Statements include the financial information for the 12 months ended 31 March 2021 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 2020 to 31 March 2021.

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 2021 is presented above. The financial statements and budget documents are prepared for the same period. There is an entity difference: the budget is prepared for the general government sector and the financial statements consolidate all entities controlled by the entity. There is also a bases difference: the budget is prepared on a cash basis and the financial statements on the accrual basis

The reasons for variances are listed below:

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

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

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

25.4 The unfavourable variance is due to the increase in projects that were not envisaged in the budget.

25.5 The favourable variance in capital expenditure is due to less capital assets being procured as envisage.

26. ACCOUNTING FRAMEWORKS OF HOLDING COMPANY AND SUBSIDIARY

The holding company uses GRAP as the accounting framework and the subsidiary uses IFRS for SMEs. There has been no adjustment necessary and the consolidated AFS are consistent.

27. RESERVES	2021 R	2020 R

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.

	2021 R	2020 R
	93 620 566	97 017 024

28. POST BALANCE SHEET EVENTS

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

NOTES

NOTES

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