MPUMALANGA REGIONAL
TRAINING
TRUST

ANNUAL REPORT 2022|23

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MRTT

PART A
GENERAL INFORMATION

MRTT

1. PUBLIC ENTITY'S GENERAL INFORMATION

PHYSICAL ADDRESS	5 Moses Kotane Street, Ferrobank, eMalahleni, 1035
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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

2. LIST OF ABBREVIATIONS/ACRONYMS

AgriSETA	Agricultural Sector Education Training Authority
AGSA	Auditor General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
ATTI	Advanced Technology Training Institute
BBBEE	Broad Based Black Economic Empowerment
CETA	Construction Education and Training Authority
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CFO	Chief Financial Officer
CRDP	Comprehensive Rural Development Programme
EU	European Union
ETDPSETA	Education, Training and Development Practitioner Sector Education Training Authority
EWSETA	Energy and Water Sector Education Training Authority
FET	Further Education and Training
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
HTA	Hospitality and Tourism Academy
MEC	Member of Executive Council
MerSETA	Manufacturing, Engineering and Related Services SETA
MISH	Mpumalanga Innovation and Skills Hub
MRTT	Mpumalanga Regional Training Trust
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NYDA	National Youth Development Agency
NPC	Non-Profit Company
PFMA	Public Finance Management Act, Act 1 of 1999
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMC	Senior Management Committee
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations

3. FOREWORD BY THE MEMBER OF EXECUTIVE COUNCIL

HON B MAJUBA (MPL)
MEC FOR EDUCATION IN MPUMALANGA PROVINCE

It gives me great pleasure, as the Member of the Executive Council for Education in the province of Mpumalanga, providing oversight to the Mpumalanga Regional Training Trust (MRTT), through the Board of Directors. I am therefore, pleased to present this Annual Report for the financial year 2022-23 to the Mpumalanga Provincial Legislature. During 2022-23 financial year, the Department of Education (MDoE) continued to provide support and guidance to the MRTT to ensure that the entity is able to deliver on its mandate through impacting the lives of young people in the province. The support to the board is crucial as the role of the board of directors is critical in ensuring that the entity is able to deliver services to its beneficiaries and supporting the department in the delivery and implementation of projects. The Board has managed to keep the entity operational despite the financial constraints that the entity found itself in, as was the result of a declining economic trajectory and provincial fiscus due to many competing interests.

MRTT remains crucial in contributing towards the achievement of the priorities of the six administration as pronounced by the Hon Premier Mtsweni-Tsipane on education, skills and health and the achievement of the national development plan targets on artisan development and scarce skills. The future of the youth in the province depends on a competent and financially viable entity that is able to reach all young, out of school and disadvantaged young people who are unable to pay for their empowerment. It is for that reason that, as a Department of Education in the province, we will not allow the entity to fail and we will continue to provide support to the entity to ensure that its mandate and objectives are achieved.

The entity has implemented key strategic projects in the province, such as the maintenance and renovations of the early childhood development centres across the province. This is important for ensuring that education is started at a very young age to ensure that children are developed at an early age. These projects were implemented at local and community level, thus giving and creating some jobs for community members. The entity was also able to use these projects to give workplace exposure to the learners who are trained through the centres and workshops of the entity. In addition, the entity also implemented and delivered the Presidential Youth Empowerment Initiative (PYEI), this project provided skills development to just above 1 500 learners across the province. The skills that are offered to the learners are important in ensuring that they are able to secure employment to better their livelihoods, and those who want to start their own businesses are able to put to use the acquired skills and also create employment for others. The entity also partnered with the National Youth Development Agency (NYDA), to offer entrepreneurship, financial management and administrative programmes to learners to enhance their business acumen capabilities.

Through skills development, the entity will ensure that it provides young people of the province with skills to access opportunities to eradicate the triple challenges of poverty, inequality and unemployment which is currently increasing among young people. The strategic focus of the entity will remain skills development of young people in the province, who are out of school and disadvantaged. As a caring government, we cannot condemn young people to a life of poverty, perpetual inequality and unemployment, we therefore should be deliberate in our efforts to intervene and to offer skills and practical training to our youth in the province.

I would therefore like to thank the Chairperson of the Board of Directors, Mr Petrus Maoko and his entire Board members for continuing to direct the entity during difficult times. I would also like to thank the Acting Chief Executive Officer Mr Wilson Magwandana, his management team, and all officials in the entity for their efforts in implementing the mandate of the entity. Lastly, I would like to thank the Department of Education under the leadership of Ms Lucy Moyane and her management for their support to the entity.

"The entity has implemented key strategic projects in the province, such as the maintenance and renovations of the early childhood development centres across the province."

As Albert Einstein would say, that intellectual growth should commence at birth and cease only at death. Therefore, as a government of the people, we should never be tired of being creative and innovative in providing resources towards the training and empowerment of our young people as they represent the future.

I thank you

Hon B Majuba (MPL)
MEC for Education in Mpumalanga Province
Date: 28 July 2023

MRTT

4. REPORT BY THE CHAIRPERSON OF THE BOARD OF DIRECTORS

MR. PETRUS PHAPHAMA MAOKO
CHAIRPERSON OF THE BOARD OF DIRECTORS

On behalf of the Mpumalanga Regional Training Trust (MRTT), I am pleased to submit the Annual Report for the year ended 31 March 2023. I sincerely wish to extend my heartfelt gratitude and that of my fellow Board Members appointed by the Member of the Executive Council (MEC) of Education, Honourable BA Majuba, for entrusting us with the responsibility of providing oversight leadership and guidance to the Management and Staff of MRTT.

The 2022/2023 financial year was a difficult year as it was a defining moment for the MRTT in a quest to improve its performance while having serious serious budget constraints. These constraints could have sunk the institution to a position of non-going concern, while reducing organisational performance and constraining service delivery. Luckily the entity was advised by both the Department of Education and Mpumalanga Provincial Treasury to reprioritize its budget to ensure sustainability through the period under review.

Due to the entity being plagued by strategic and administrative challenges relating to a long vacant position of a permanent Chief Executive Officer. The achievement of 64%, though, by no means our best outcome in terms of the performance, is commendable. The entity's financial constraints compelled the entity to operate with acting positions, especially on the Senior Management. However, for the second consecutive year, the entity has found itself with a qualified audit opinion for the year 2021/2022 and 2022/2023. One of the biggest challenges was the asset management and irregular expenditure that was incurred during both financial years, this would result in a condonation process following a correct and compliant process with the Mpumalanga Provincial Treasury.

The entity held its strategic planning session in February 2023 with the aim of developing a turnaround strategy with mechanism for MRTT to reposition itself towards financial sustainability, human resource capacity and an improvement on service delivery relating to stakeholder engagement and projects.

In addition to the grant funding, the entity was able to secure additional income through secured training and school infrastructure projects from the mother Department. This included the Presidential Youth Employment Intervention (PYEI) handymen implemented through the Mobile sub-programme that is able to take training to the community throughout the four districts of the province. The PYEI Handymen projects forms an integral part of the Presidential Employment Stimulus (PES) aimed at supporting public employment by providing employment opportunities for young people in South Africa. In the year under review a total of 1 512 learner's handymen and women were trained in Phase III of the project in diverse areas, including: painting; carpentry (ceiling & doors installation); glazing, crop production and landscaping. The trained learners are also provided with toolboxes to assist with minor repairs of schools within their various local municipalities, thus giving the school immediate support on minor school infrastructure maintenance.

In terms of school infrastructure, the entity implemented a project on the maintenance of Early Childhood Development Centres (ECDs) on behalf of the Department of Education in Mpumalanga. The scope of work includes repairs and maintenance work of 12 centres, new construction of ablution facilities in some of the centres.

In the implementation of the projects, the MRTT has created job opportunities that were mainly accessed by the unemployed in the deprived communities. The infrastructure project also provided our own former trainees opportunities as semi-skilled artisans. A total of 41 MRTT learners participated in the projects as semi-skilled painters, plumbers, bricklayers and carpenters. Utilising our own learners is a clear indication of the entity's confidence in the product of our own trained learners who are now excelling in their various acquired artisan skills.

Over the twelve months, MRTT had experienced a turbulence wherein the entity's lease agreement with the Department of Public Works Roads and Transport to run the business operations

of the Royal Hotel came to an end. Through intervention and support from our stakeholders, the establishment of the Mpumalanga Innovation and Skills Hub (MISH) is still ongoing. Seriti Power (formerly known as South 32) handed over the renovated MRTT House wherein the offices of the Hub will be situated.

Going forward, the MRTT organisational structure is undergoing a review to ensure that the core business is capacitated to deliver on its mandate and vacant critical positions are filled. The entity will continuously monitor the implementation plan from the strategic planning session to realise its objective in terms of improving revenue generation and identification of root causes on audit findings with the mission to obtain a clean audit.

As I conclude, on behalf of the Board of Directors, I wish to thank the Honourable MEC for continuously providing direction to the Members, which made it possible to achieve most of the set performance targets. Lastly, I wish to thank the MRTT Senior Management and staff for their dedication and commitment. Without your commitment, we would not have gone this far in the execution of our mandate.

Mr PP Maoko
CHAIRPERSON: MRTT BOARD
Date: 20 July 2023

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

MR WILSON MAGWANDANA
ACTING CHIEF EXECUTIVE OFFICER

OVERVIEW OF THE OPERATIONS OF THE ENTITY

The 2022-23 financial year has been very difficult for the entity in terms of its financial situation, its ability to raise revenue through sponsorships and fee-paying learners. The past financial year was very difficult and exciting for the entity due to the projects that the entity was implementing for the Department of Education in the province. The financial challenges remained increasingly difficult on the entity due to the huge budget cut in its government allocation. This posed a serious challenge on the operations of the entity, as the entity had to cut on its learner targets and projects to ensure its financial sustainability. The entity had to halt some of its operational plans such as the review of the organizational structure, and was unable to appoint officials on permanent basis due to financial uncertainty. Out of the five senior executive management positions, only one had a permanent appointee and the rest were filled by acting appointees. This was the situation across the entity, however, the entity did not despair but continued to implement projects and train learners on skills programmes such as electrical engineering, plumbing, carpentry and mixed farming through the comprehensive rural development programme. For the period under review, the entity trained 2 387 learners, against a target of 690 and generated revenue from other sources such as fee-paying learners, CETA funded programmes and projects of about R 34.1 million. This was not enough to resolve the financial challenges of the entity.

OVERVIEW OF THE RESULTS AND CHALLENGES FOR THE ENTITY, BRIEFLY COMMENTING ON SIGNIFICANT EVENTS AND PROJECTS FOR THE YEAR

Over the period, the entity achieved about 67% of its key performance indicators on its approved annual performance plan. This was despite the financial challenges, and the inability to appoint officials on critical positions. The work of the entity is to ensure that despite financial challenges, the lives of the disadvantaged young people of the province does not get compromised through a lack of skills development and empowerment. Through its hospitality and tourism academy and technical training operations, the entity ensures that learners who register with its facility are exposed to workplace integrated learning through its hotel facility, projects that are being implemented and partnerships.

The implementation of the Mpumalanga Skills and Innovation Hub (MISH) is continuing. The project of the renovation of the MRTT house was completed and handed over to the entity. The service provider (SERITI) is still waiting for the municipality to approve the rezoning so that the process of building the four outside offices can be completed.

OVERVIEW OF THE FINANCIAL RESULTS OF THE ENTITY

ENTITY RECEIPTS

NAME OF ENTITY	2021/2022			2022/2023		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Sale of goods and services other than capital assets	20 228	24 898	(4 670)	6 960	34 529	27 569
Transfers received	20 225	38 350	(18 125)	40 538	77 358	0
Interest, dividends and rent on land	0	714	(714)	0	0	0
Financial transactions in assets and liabilities	0	78 274	(78 274)	0	0	0
Total	**40 453**	**142 236**	**(101 783)**	**47 498**	**111 887**	**27 569**

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

The entity collected R10 118 772 compared to the previous financial year, this increase is due to projects that were implemented on behalf of the Department of Education, namely, Presidential Youth Employment Initiative (PYEI) and Early Childhood Development project.

The entity applies pre-determined tariffs for the various training programmes it offers for both Hotel Tourism Academy and Technical Training Operations. Tariffs differs between programmes and are according to the duration of each programme. The entity does not charge any tariffs for the National Youth Services (NYS) and Comprehensive Rural Development programmes.

The entity over-collected on the envisaged revenue for the year under review, however, there is a need to broaden its revenue by introducing more programmes that are in high demand in the short-term and medium term. No bad debts written off were written-off in the year under review, save the impairment on the long outstanding debtors that are being pursued.

The entity collected more revenue than planned as a result of projects that were not envisaged during the budgeting process, notably, the ECD and Presidential Handyman project. The entity continues to strengthen its marketing efforts to garner more revenue generating projects both in government and private sector through various partnerships.

PROGRAMME EXPENDITURE

PROGRAMME NAME	2021/2022			2022/2023		
	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/ UNDER EXPENDITURE R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Sale of goods and services other than capital assets	20 228	24 898	(4 670)	6 960	34 529	27 569
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Total	**40 453**	**142 236**	**(101 783)**	**47 498**	**111 887**	**27 569**

ECONOMIC CLASSIFICATION

ECONOMIC CLASSIFICATION	MAIN APPROPRIATION R'000	ACTUALS R'000	VARIANCE R'000	NOTES
Compensation of Employees	13 056	9 994	3 062	1
Goods & services	4 286	5 039	(753)	2
Capital Expenditure	200	57	143	3
Total	**17 542**	**15 090**	**2 452**	

Notes:

1. The favourable variance on compensation of employee is due to vacant positions that could not be filled due to cash flow challenges.
2. The unfavourable variances is due to inflationary pressures that could not be covered by the budget.
3. The favourable variance on capital expenditure is due to due to cash flow challenges which meant that planned expenditure on capex could not be executed.

TECHNICAL TRAINING OPERATIONS

ECONOMIC CLASSIFICATION	MAIN APPROPRIATION R'000	ACTUALS R'000	VARIANCE R'000	NOTES
Compensation of Employees	22 804	21 921	883	1
Goods & services	9 654	17 668	(8 014)	2
Capital Expenditure	234	53	181	3
Total	**32 692**	**39 642**	**6 950**	

Notes:

1. The favourable variance on compensation of employee is due to vacant positions that could not be filled due to cash flow challenges.
2. The unfavourable variances is due to inflationary pressures accompanied by material procured in implementation of various projects that were not envisaged during the budget process.
3. The favourable variance on capital expenditure is due to due to cash flow challenges which meant that planned expenditure on capex could not be executed.

CORPORATE SERVICES

ECONOMIC CLASSIFICATION	MAIN APPROPRIATION R'000	ACTUALS R'000	VARIANCE R'000	NOTES
Compensation of Employees	29 702	19 596	10 106	1
Goods & services	16 476	37 845	(21 369)	2
Capital Expenditure	250	184	66	3
Total	**46 428**	**57 625**	**(11 197)**	

Notes:

1. The favourable variance on compensation of employee is due to vacant positions that could not be filled due to cash flow challenges.
2. The unfavourable variances is due to inflationary pressures on goods and services economic class.
3. The favourable variance on capital expenditure is due to due to cash flow challenges which meant that planned expenditure on capex could not be executed.

Virements/roll overs

- The entity received two (2) cash injections through the Provincial budget adjust of R22 000 00 in November 2022 and R17 000 000 in March 2023 to argument
  the budget deficit since the main appropriation could only cover a period of six (6) months of the 2022/23 financial year.
- The virement was necessitated by the budget deficit in the original budget for the year under review.
- The entity incurred irregular expenditure amounting to R27 747 843 due to the following:

- Local content production	R595 480
- Overspending of the allocated budget	R23 483 805
- Extension of contracts	R1 928 828
- Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17	R1 739 730

STRATEGIC FOCUS OVER THE SHORT TO MEDIUM TERM PERIOD

In the short term the entity is working towards being financially sustainable. To achieve financial sustainability, the entity needs to establish itself as a credible institution that is leaned towards poor but relevant to industry. The entity will continue to implement its training projects to ensure that young and disadvantaged learners of the province receive quality and accredited skills development programmes to enable them to participate in the mainstream economy. The entity will also continue to source for projects from government entities, departments and private companies. The entity will put measures in place to achieve its mandate and its strategic objectives.

As part of cost curtailment measures, the entity had to move its head-office to its training centre in eMalahleni, this move would save the entity just above R 1.2 million per annum.

PUBLIC PRIVATE PARTNERSHIPS

The entity has no public private partnerships (PPP) that it is involved in.

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

Among the key activities that had to be halted or delayed was the appointment of officials to critical positions and delays in the appointment of the Chief Executive Officer. Furthermore, the entity also had to delay the process of the review of the organizational structure due to financial constraints to appoint a service provider to review the structure, grade positions and do the placements.

Given its financial challenges and the impact of Covid 19, the entity had to reduce its learner intake or numbers not to over-crowd classes, workshops and training centres. This also affected the training within the hospitality and tourism academy.

NEW OR PROPOSED KEY ACTIVITIES

As part of ensuring that learners get workplace exposure and integrated learning, the entity has partnered with companies to assist with this element of training. Over the past financial year, the entity has been trying to get into the online training space, this has been moving very slow and would be fast tracked in the new financial year. The partnership with the National Youth Development Agency (NYDA) to train learners on entrepreneurship, financial management and business management is assisting learners to realize their potentials and venture into starting their own businesses.

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

SUPPLY CHAIN MANAGEMENT

No unsolicited bid was concluded in the year under review.

The MRTT observe and apply the prescribed SCM regulations and ensure alignment through Policy formulation. SCM Policies have been reviewed and aligned to the PPPFA to ensure delivery of government strategies and enhance compliance to the regulations, however, delays in the approval of the Policies stand in the way of preventing irregular expenditure.

A number of interventions have been recorded but some require funding to be effective and secure gains for the organisation. Amongst others, the following interventions will enable MRTT to avoid irregularity in SCM:

- A three-way system has been identified as an effective tool to curb irregularity and promote good governance in SCM. This initiative in embedded in self-audit through -out the approval stages until finance – payment of supplier.
- The deployment of checklists serves as a solution to ensure compliance, however, require human intervention and interpretation to be effective.
- Early identification of irregular transactions and an updated register will enable timeous condonation of the justifiable transactions.

Though a system of SCM is in place, challenges caused by low skills level compromise governance in SCM. Noting that all transactions require a human element and judgement when inviting quotations and evaluating submissions, the skills level within SCM does not provide a satisfactory mistake proof environment that enable the system to operate effectively.

Amongst others, challenges in SCM include the following:

- **Evergreen contracts:**

  Evergreen contracts that has an impact on operations have been identified and the SCM process initiated to avoid recurrence.

- **Local content and production**

  Non-compliance with local content and production culminating from not completing SDB 6.2 (declaration certificate for local production and content for designated sectors).

- **Low skills level in SCM – poor evaluation system**

  Corporate structure review has been initiated to build capacity and enhance skills of personnel through training and development.

- **Transversal Contract participation with overlapping contractual obligation post expiry of the contract**

  MRTT participated in the Provincial Treasury transversal contracts for mobile network solutions. The main challenge emanates from the need to have secondary contracts that are valid post expiry of the transversal agreement.

ACKNOWLEDGEMENT/S OR APPRECIATION

I would like to give my gratitude to the Board of Directors of the entity, for its continued visionary guidance and through the leadership of Mr P Maoko. I would also like to appreciate the support the entity receives from the MEC of Education Hon Bonakele Majuba, the Head of Department Ms. Lucy Moyane, the department and the management and staff of the entity. It has not been easy but the entity continued to strive to change the lives of the poor and disadvantaged young people of the Mpumalanga Province.

CONCLUSION

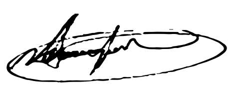
The medium term projections look a bit bleak, but the entity will persist to the next financial year, and this would continue to negatively affect the operations of the entity and the targets on the annual performance plan. However, I have no doubt in my mind that the entity will remain resilient in its resolve to change the lives of its service delivery beneficiaries.

APPROVAL AND SIGN OFF

The Annual Report 2022/23 has been signed off by the MEC of Education in the Province, and approved by the Board of Directors for tabling at the legislature as an account of the entities financial and non-financial performance. Skills development remains the only potent weapon that we can use to change lives of our under privileged young people of our Province.

We need to give importance to skills development because this way we can end unemployment – Narendra Modi

Yours faithfully,



Mr Wilson Magwandana
ACTING CHIEF EXECUTIVE OFFICER
Mpumalanga Regional Training Trust
Date: 12 July 2023

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 throughout the annual report are consistent.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer 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 were engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully,

Mr PP Maoko	**Mr FW Magwandana**
Chairperson: MRTT Board	Acting Chief Executive Officer
Date: 20 July 2023	Date: 12 July 2023

7. STRATEGIC OVERVIEW

7.1. VISION

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

7.2. MISSION

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

7.3. VALUES

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

7.4. 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.

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

MRTT is a schedule 3C Non-Profit Company in terms of the Public Finance Management Act (PFMA), Act No.1 of 1999 and 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 and in particular the youth, industry workers and government employees, to participate in the broader economic sphere of the province.

8.4. 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 New 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 – Registration.

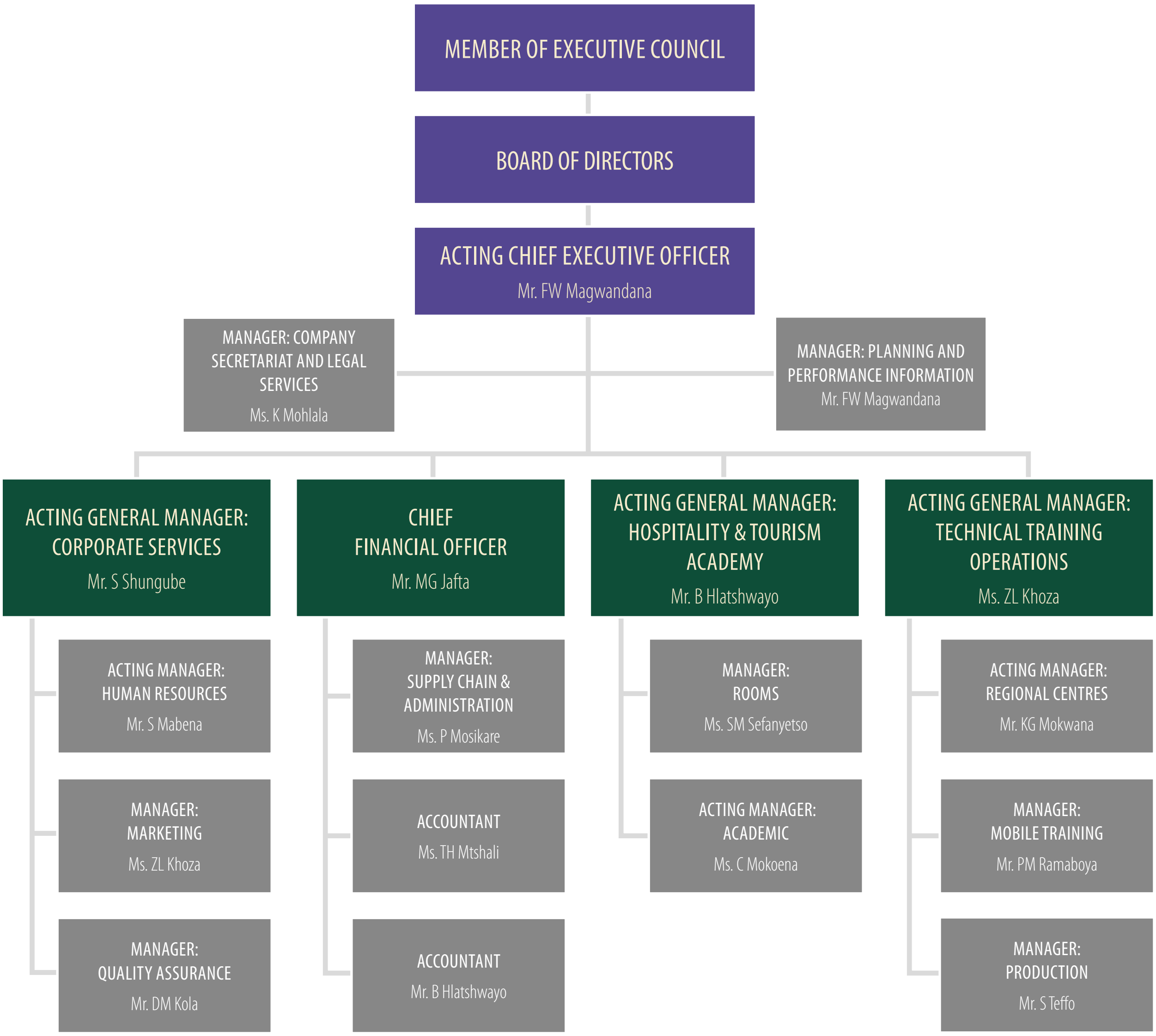
8.5. MRTT ACCREDITATION STATUS

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).

LEGISLATIVE 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 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 South African Qualifications Authority (SAQA), and to provide for matters connected therewith.
LABOUR RELATIONS ACT, 1995 (ACT NO. 66 OF 1995)	Regulates the organisational rights of trade unions, 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 to ensure that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Government; and to provide 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 an 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; and 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.
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.

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MRTT BOARD OF DIRECTORS

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
Mpumalanga Skills and Innovation Hub	Not applicable	Transfers from the Department of Education through the MRTT	Establishment of the provincial skills and innovation hub
MRTT Royal Hotel Pilgrim's Rest	Not applicable	Subsidiary of the MRTT	Hotel Operations

MRTT

11. MEMBERS OF THE BOARD OF DIRECTORS

PP MAOKO
CHAIRPERSON

MRS L MOTSHWANE
DEPUTY CHAIRPERSON

TR MOKGOSHI
NON-EXECUTIVE DIRECTOR

B SIBANYONI
NON-EXECUTIVE DIRECTOR

MR HH NKANYANE
NON-EXECUTIVE DIRECTOR

MI TIBANE
NON-EXECUTIVE DIRECTOR

BM SINGWANE
NON-EXECUTIVE DIRECTOR

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

12. SENIOR MANAGEMENT

MR WILSON MAGWANDANA
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

SIMPHIWE SHUNGUBE
ACTING GENERAL MANAGER:
CORPORATE SERVICES

MRTT

13. MANAGEMENT

GERALD MOKWANA
ACTING MANAGER: TECHNICAL TRAINING

SARAH SEFANYETSO
MANAGER: ROOMS

PORTIO MOSIKARE
MANAGER: SUPPLY CHAIN MANAGEMENT AND ADMINISTRATION

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

SWAARTBOOI TEFFO
ACTING MANAGER: PRODUCTION

SIMON MABENA
ACTING MANAGER: HUMAN RESOURCES

MRTT

PART B
PERFORMANCE INFORMATION

MRTT

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performed certain 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 69 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF ENTITY PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

As a public entity of the Mpumalanga Department of Education (MDoE) in the Mpumalanga province, the Mpumalanga Regional Training Trust (MRTT) has a mandate to train out of school youths. This mandate is crucial in ensuring that everyone has a role to play in the economic development of the province and is able to provide for themselves. This mandate is funded through the fiscus via the MDoE. During the 2022-23 financial year, the entity was allocated R54 million, to implement and deliver on this mandate.

In delivering on its mandate, the entity offers technical and hospitality training programmes and courses to learners who register through its training centres and workshops. The learner numbers or service delivery beneficiaries have been decreasing due to the unavailability of financial resources or sufficient budget allocation. The impact of Covid 19 has not escaped the entity as fewer numbers had to be accommodated in workshops and training centers, and this has also had a negative impact on the numbers that the entity has trained.

Through all the challenges, the entity persevered in its pursuit to empower learners, and trained around 2 387 learners, against a target of 690 learners over the period under review. The current economic conditions that are prevalent in the province and country are affecting the prospects of the entity registering more fee-paying learners to augment its allocation. Over the period, the entity implemented the following projects for the MDoE and to generate revenue.

NO.	PROJECT NAME	NUMBER OF PROJECTS	PROJECT VALUE	PROJECT SCOPE
1	DOE PYEI Handymen Project Phase II & III DOE PYEI Handymen Project Phase III	2	Phase II R 10 000 000 Phase III R 13 307 250	Skills training intervention for the Presidential Youth Employment Initiative (PYEI) project to implement in the four (04) districts of the Mpumalanga province, including training a group of 1 595 as Handymen and women in Phase II and 1 666 in Phase III to assist with the maintenance of school infrastructure within the districts of the province.
2	DOE ECD Maintenance Project	1	R 10 000 000	The scope of work was to provide infrastructure maintenance work for Early Childhood Development Centres (ECDs) including new construction of ablution facilities for 12 centres across the province.
3	African Mineral Resources (ARM)	1	R 322 500	Skills training of 30 learners in Welding and Plumbing in Machadodorp.
4	Palesa Mine/HCl Coal training	1	R 58 600.00	Skills training of 15 Plumbing learners sponsored by Palesa Mine/ HCl Coal at Ekandustria Training centre.

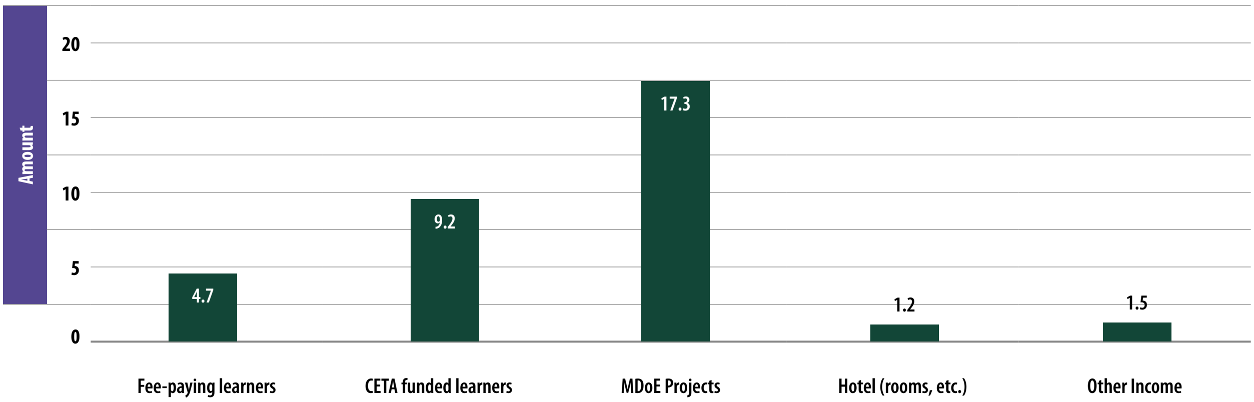
These projects were crucial to the sustainability of the entity given the revenue that they generate for the entity. Some of these projects were also important to ensure that the learners placed in the projects gained workplace exposure from the projects and were able to put into practice what they learn in theory.

Given its financial situation, which impacts on its performance, learner numbers and other activities, the entity also continued with cost curtailment measures to ensure that it continues with the implementation of its mandate and have an impact on the learners that are trained.

There were other operational activities that suffered due to the budget constraints, such as maintenance of infrastructure, review of the organisational structure and training of employees, which is a huge challenge as this means that employees are not able to acquire skills and expertise to impart knowledge, skills and training to learners that come through its facilities. Using the following revenue streams, the entity was able to augment its budget and survive. Revenue streams for the 2022-23 financial year.

ITEM	AMOUNT
Fee-paying learners	R4 741 579.17
CETA funded learners	R9 224 077.54
MDoE projects	R17 335 420.53
Hotel (rooms etc.)	R1 273 433.02
Other Income	R1 565 669.29

The above revenue contributed an amount of R 34.1 million to the entity being able to sustain itself. This revenue is channeled through the training provided to learners, and operational activities of the entity. However, this is not sufficient for capital expenditure.



2.2 ORGANISATIONAL ENVIRONMENT

The entity had envisaged to review its organisational structure to align it to the implementation of its mandate, properly allocate responsibilities among the available human resource and manage its vacancies. This process was not completed due to the unavailability of the budget. The vacancy rate was 26%, the entity could not fill these vacancies due to financial constraints and this had an impact on the performance of the entity.

With the available resources, the entity continued to implement its Annual Performance Plan (APP 2022-23), with a view of achieving the strategic outcomes of its strategic plan, and achieve its targets and contribution to the medium term strategic framework (MTSF). Training of employees remained hampered given the financial resources, and this affected and impacted on the workplace skills plan that was developed and submitted to external stakeholders.

Furthermore, the Acting Chief Executive Officer resigned and this led to the organisation functioning with four acting officials on its senior executive management and only one permanent senior executive who was the Chief Financial Officer. This brought a lot of instability and uncertainty within the organisation and the senior management layer of the entity.

However, notwithstanding all these challenges, the entity was able to deliver on its mandate, and implement and monitor its annual performance plan. It was also able to deliver on the projects that were allocated by the MDoE through getting officials to act in positions where it was unable to fill them due to financial constraints.

Through its own generated revenue from fee paying learners, implementation of projects and hotel facility the entity was able to meet its financial obligations until the end of the financial year.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

At the beginning of the financial year, the entity set itself targets which were informed by the five-year strategic plan. The strategic plan had set three outcomes focusing on the provision of theoretical and practical skills training in a graded and accredited establishment. This outcome is achieved through the use of the hospitality and tourism academy, where learners are exposed to the working environment using the hotel for practicals. The other area of focus was the provision of accredited skills training and qualification programmes. All the courses and training programmes offered by the entity are accredited by various accrediting bodies such as the Sector Education and Training Authorities (SETA) and Quality Council for Trades and Occupations (QCTO). Lastly, through the provision of administrative support to the entity and quality assurance processes, in line with the QCTO and SETA landscape.

The work of the entity is aligned to the priorities of the Medium Term Strategic Framework (MTSF), and contributes towards the priority on Education, Skills and Health. The mandate of the entity is crucial in the development of skills in the province and nationally, as it provides technical skills that are needed by industry and the market. The programmes of the entity are aligned towards providing skills that would be used to grow the economy and provide opportunities to its service delivery beneficiaries. The programmes are designed in a way that will ensure that learners who do not have academic backgrounds are able to learn and cope, as courses are both theoretical and practical.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

Purpose of the programme: 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**

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

- **Sub programme 1.2: Rooms**

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

- **Sub programme 1.3: Food and Beverage**

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

OUTCOMES AND OUTCOME STATEMENT FOR THE PROGRAMME

OUTCOME	Provision of theoretical and practical skills training in a graded and accredited establishment.
OUTCOME STATEMENT	To provide theoretical and practical skills training to 450 learners by 2024.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

For the period under review, the programme implemented its annual performance plan as tabled at the beginning of the financial year. Learners were trained in an accredited facility which is graded as three star. These learners were trained in hospitality and culinary studies as per the targets of the annual performance plan. As part of ensuring that training is aligned to the needs of its learners and to generate revenue, the entity offered customised learning programmes according to the needs of the learners, and some were in partnership with the National Youth Development Agency (NYDA).

As part of work exposure and giving practicals to learners, the entity used its hospitality and tourism academy to provide coaching and mentoring to the learners.

For the period under review, the entity achieved five out of six (83%) of its key performance indicators. This was a good performance given the challenges faced by the programme such as unfilled positions of facilitators and other key positions. The achievement of the targets of the programme is critical towards achieving the outcomes of the strategic plan and implementation of the mandate of the entity.

Some of the challenges faced by the programme included its inability to use all its conference facilities due to storm and flood damages to the roof. This would require a long term investment and solution as it keeps recurring each time there are floods or storms in the area.

The learners recruited into these programmes are mainly young people and most of them women who are from the area of Kanyamazane. This is to ensure empowerment of locals and reduce unemployment amongst young people in general. Recruiting people with disabilities has proven to be difficult although the entity encourages people with disabilities to apply when it recruits learners for its programmes.

Categorisation of learner profiles for the programme. For this programme, the number of learners was 108, with 15 males and 93 females. What is clear from the graph below is that all learners were young people below the age of 35 years.

CATEGORY	MALES	FEMALES	TOTAL
Youth	15	93	108
People with disabilities	0	0	0

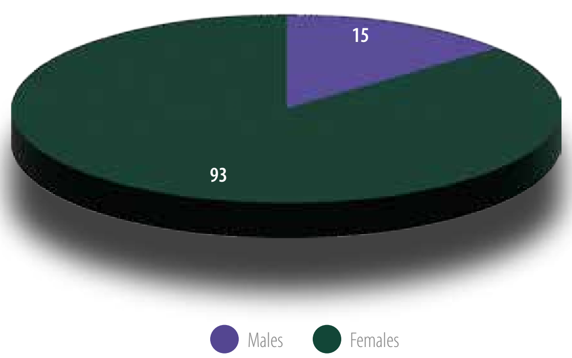


Table 2.4.4.1: Used to report against the originally tabled Annual Performance Plan 2022-23

PROGRAMME 1 HOSPITALITY AND TOURISM ACADEMY / SUB-PROGRAMME: ACADEMIC								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF THEORETICAL AND PRACTICAL SKILLS TRAINING IN A GRADED AND ACCREDITED ESTABLISHMENT.								
Learners trained in SAQA registered programmes Culinary studies and hospitality studies	POI101: Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	100 learners	21 learners	50 learners	63 learners Enrolled 112 learners for 2023/24	13 learners	49 learners on 12 months training and 16 on a 6 months training programme	No revisions were made
	POI102: Number of learners to receive training in SAQA registered learning programmes in Hospitality studies	30 learners	0 learners	20 learners	8 learners	-12 learners	The negative variance was due to less demand of Hospitality Studies and abscontions	No revisions were made
Learners receiving customised skills training	POI103: Number of learners to receive customised training	30 learners	85 learners	20 learners	38 learners	+18 learners	The positive variance was due to a high demand of NYDA training and the learners enrolled in the 4th quarter for customised training	No revisions were made
Coaching and mentoring of learners in a graded and accredited establishment (Rooms)	POI 104: Number of learners receiving coaching and mentoring in the workplace	100% of learners trained in Academic	100% learners trained in Academic	70 learners trained in Academic	70 learners trained in Academic	-	No variance as the target was met	No revisions were made
SUB-PROGRAMME: FOOD AND BEVERAGE								
Coaching and mentoring of learners in a graded and accredited establishment (Food and Beverage)	POI 105: Number of learners receiving coaching and mentoring in the workplace	100% learners trained in Academic	100% learners trained in Academic	50 learners trained in Academic	60 learners trained in Academic	+10 learners	The positive variance was due to a high demand for cullinary studies due to advertising of the programmes	No revisions were made
	POI 106: Number of learners receiving coaching and mentoring in the workplace (Food and Beverage)	100% of learners trained in Academic	100% learners trained in Academic	20 learners trained in Academic	25 learners trained in Academic	+5 learners	The positive variance was due to a high demand for F&B studies due to advertising.	No revisions were made

STRATEGY TO OVERCOME UNDER ACHIEVEMENT

The entity under-performed in terms of learners receiving training in SAQA registered learning programmes in Hospitality studies. To overcome the under-achievement, the programme will ensure that there is sufficient advertising around this course to create interest around the courses so as to meet the annual targets and generate revenue from the learners.

PERFORMANCE IN RELATION TO STANDARDISED OUTPUTS AND OUTPUT INDICATORS FOR SECTORS WITH CONCURRENT FUNCTIONS

The programme and entity do not have standardised output indicators.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1	2022/2023 BUDGET R'000	2022/2023 ACTUAL EXPENDITURE R'000	2022/2023 (OVER)/UNDER EXPENDITURE R'000	2021/2022 BUDGET R'000	2021/2022 ACTUAL EXPENDITURE R'000	2021/2022 (OVER)/UNDER EXPENDITURE R'000
Academic	4 012	4 369	-357	3 178	2 934	244
Rooms	11 312	9 323	1 989	10 071	8 178	1 893
Food and Beverage	4 012	3 274	738	4 293	2 592	1 701
TOTAL	**19 336**	**16 966**	**2 370**	**17 542**	**13 704**	**3 838**

4.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

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

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

- **Sub programme 2.1: Training Centres**

  Business focus: Develop skills in construction, manufacturing, metal trades, mechanical, electrical and related trades.

- **Sub programme 2.2: Mobile Training**

  Business focus: Provision of quality training through secured funded programmes including skills programmes, learnerships and apprenticeships by upskilling and supporting unemployed youth in local municipalities. The Mobile funded programmes include National Youth Services (NYS) and Construction Education and Training Authority (CETA) on full qualifications programmes.

- **Sub programme 2.2.1: Comprehensive Rural Development Programme (CRDP)**

  Business focus: Upskilling and supporting unemployed youth in rural communities through skills training and development programmes.

- **Sub programme 2.3: Technical Production**

  Business focus: Secure projects for income generation and to provide workplace training for MRTT learners.

OUTCOMES AND OUTCOME STATEMENT FOR THE PROGRAMME

OUTCOME	Provision of accredited skills training and qualification programmes
OUTCOME STATEMENT	To provide accredited construction, manufacturing and engineering related and agricultural skills training to 1 500 learners through institutional training by 2024, including customised skills training.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

For the period under review, this programme had seven key performance indicators, four indicators were achieved and three were not achieved. The plans and priorities for the financial year centred around training of learners in different skills programmes such as welding, plumbing, bricklaying and electrical work. The programme also planned to expose learners to the work environment through its work integrated learning but this has remained a serious challenge given the limitations of the entity to secure companies or workplaces that would accommodate the learners. During the third quarter, the programme was negatively impacted by the budget reprioritisation where two of its key programmes, the National Youth Service (NYS) and Comprehensive Rural Development Programme (CRDP) were impacted. These programmes had to be dropped from implementation as the budget was reprioritised to other operational pressures of the entity.

Key among the indicators of the programme is the securing and implementation of projects to provide coaching and mentoring to learners and also for purposes of revenue generation. The entity uses three streams for revenue generation, which are implementation of projects, fee-paying learners and the use of its hotel facility. The project target was over-achieved and the entity made an amount of R 34.1 million over the financial year. For the period under review, the entity trained 1 038 males, and 1 203 females, all these learners were young people below the age of 35. What is clear is that females are more interested in the training and empowerment even though these courses are mostly technical and physical or manual.

CATEGORISATION OF LEARNER PROFILES FOR THE PROGRAMME

CATEGORY	MALES	FEMALES	TOTAL
Youth	1 038	1 203	2 241
People with disabilities	0	0	0

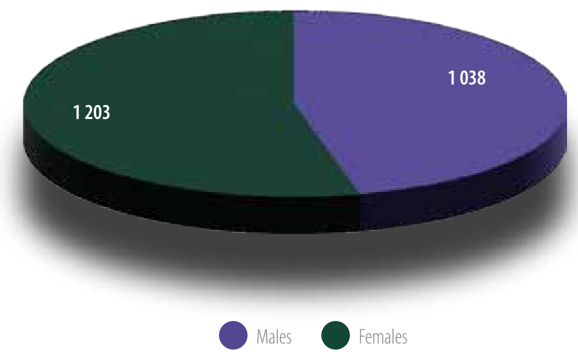


Table 2.4.4.2: Used to report against the originally tabled Annual Performance Plan 2022-23

PROGRAMME 2: TECHNICAL TRAINING OPERATIONS / SUB-PROGRAMME TRAINING CENTRES								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES								
Learners trained in accredited programmes through apprenticeship and learnerships at different levels	POI 201: Number of learners to receive accredited or customised institutional training and continuing	300 learners	286 learners 53 learners completed with practical simulation	200 learners	428 learners	+228 learners	The positive variance was due to more learners showing an interest in accredited and customised institutional training programmes	No revisions were made
Learners on RPL and Trade Testing	POI 202: Number of candidates on RPL and Trade Testing	50 candidates	106 candidates	60 candidates	60 candidates	-	No variance as the target was achieved	No revisions were made
SUB-PROGRAMME - MOBILE TRAINING								
Learners trained on learnerships and apprenticeships	POI 203: Number of learners trained on learnership and Apprenticeships towards 21st Century Artisan Development	345 learners	156 learners 21 Continuing in the second year	140 learners	1 536 learners	1 396 learners	A new funded training, the PYEI Handymen project was secured to address the planned target shortfall and revenue generation.	Due to the discontinuation of the NYS funding due to the budget reprioritisation in the 3rd quarter.
Learners on workplace training and incubation programme	POI 204: Number of learners targeted for workplace opportunities and incubation programme	80 learners	65 learners	60 learners	12 learners	-48 learners	The negative variance was due to the NYS Programme which supported this indicator, and was discontinued as a result of financial constraints and budget reprioritisation	No revisions were made
SUB-PROGRAMME – COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME								
Learners trained on the CRDP programmes	POI 205: Number of learners receiving accredited training through skills programmes	160 learners	78 learners	80 learners	38 learners	-42 learners	The negative variance was due to training that was discontinued due to financial constraints and budget reprioritisation	No revisions were made
SUB-PROGRAMME – TECHNICAL PRODUCTION								
Learners receiving coaching and mentoring	POI 206: Number of learners coached and mentored in the workplace	200 learners	89 learners	80 learners	47 learners	-33 learners	The negative variance was due to delays in the delivery of materials for other trades resulting in less learners mentored	No revisions were made
Projects secured for income generation	POI 207: Number of projects secured for income generation	4 projects	2 projects	3 projects (R 5 million)	4 projects (R 33.6 million)	1 project	Projects, were secured from private sector companies and the presidential handymen.	No revisions were made

STRATEGY TO OVERCOME UNDER ACHIEVEMENT

The programme under-performed in the area of National Youth Service (NYS) and Comprehensive Rural Development Programme (CRDP) due to the mid-year reprioritisation that took place when the entity was under serious financial constraints. Going forward, the entity will ensure that an adequate budget is allocated to these projects to achieve the annual targets.

PERFORMANCE IN RELATION TO STANDARDISED OUTPUTS AND OUTPUT INDICATORS FOR SECTORS WITH CONCURRENT FUNCTIONS

The programme and entity do not have standardised output indicators.

MRTT

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2	2022/2023 BUDGET R'000	2022/2023 ACTUAL EXPENDITURE R'000	2022/2023 (OVER)/UNDER EXPENDITURE R'000	2021/2022 BUDGET R'000	2021/2022 ACTUAL EXPENDITURE R'000	2021/2022 (OVER)/UNDER EXPENDITURE R'000
Training centres	15 793	22 928	-7 135	13 893	14 627	-734
Artisan Development	5 968	6	5 962	2 586	495	2 091
Mobile	6 207	8 537	-2 330	11 279	22 851	-11 572
CRDP	2 361	2 196	165	3 152	862	2 290
Technical Production	6 543	5 965	578	1 781	4 435	-2 654
TOTAL	**36 872**	**39 632**	**-2 760**	**32 691**	**43 270**	**-10 579**

4.3. PROGRAMME 3: CORPORATE SERVICES

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

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

- **Sub programme 3.1: Quality Assurance**

  Business focus: Co-ordination and maintenance of quality training processes, and improvement of services.

- **Sub programme 3.2: Finance**

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

- **Sub programme 3.3: Marketing**

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

- **Sub programme 3.4: Administration and Supply Chain Management**

  Business focus: Provide administrative support and prudent supply chain management.

- **Sub programme 3.5: Human Resources Management**

  Business focus: Provision of effective Human Resource Management services.

- **Sub programme 3.6: CEO's Office**

  Business focus: Provision of support to the Board of Directors through corporate governance and legal secretariat services.

OUTCOMES AND OUTCOME STATEMENT FOR 2022/23 FINANCIAL YEAR

OUTCOME	Provision of administrative support to the entity and quality assurance processes, in line with the QCTO and SETA landscape
OUTCOME STATEMENT	Adequate support is provided to the core programmes and compliance to policies and legislations.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

For the period under review, the programme provided administrative support to the two core programmes within the entity. Key among the priorities was to ensure the validity of the accreditations of the entity, and provide quality assurance to the programmes implemented by the entity. In order to secure more learners and fill the workshops and training centres of the entity, the Marketing sub-programme used radio interviews, career exhibitions, corporate advertisements and social media to spread and market the services and programme offerings of the entity. The entity struggled with the payment of service providers within 30 days due to financial constraints and budgetary challenges.

The entity has put systems and processes in place and tried to address audit findings through its audit action plan to ensure that there are no recurring findings and to improve on its audit outcome. As part of its contribution towards the sustainability and empowerment of small medium and micro enterprises (SMME), the entity spent about 77% of its procurement spenttowards SMME's.

The review of the organisational structure was not completed and this affected the filling of vacancies during the financial year. This is a serious concern for the stability and certainty of the entity. In the new financial year, the entity will appoint a service provider who will ensure that the process of reviewing the structure and grading of positions is completed.

Table 2.4.4.3: Used to report against the originally tabled Annual Performance Plan 2022-23

PROGRAMME 3: CORPORATE SERVICES – SUB-PROGRAMME: QUALITY ASSURANCE								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE								
Training programmes approved and renewed	POI 301: Number of Accredited training programmes approved and renewed with relevant SETAs	4 audits conducted	Renew and maintain primary accreditation with the relevant SETA	Maintain 1 primary accreditation and 3 programme approval with MerSETA, CATHSETA and AgriSETA	1 primary accreditation maintained and 3 programme approvals with MerSETA, CATHSETA and AgriSETA	-	-	No revisions were made
SUB-PROGRAMME FINANCE								
Payment of suppliers within 30 days	POI 302: Percentage of creditors paid within 30 days of receipt of a valid invoice	100% creditors paid within 30 days	100% creditors paid within 30 days of receipt of a valid invoice	100% creditors paid within 30 days of receipt of a valid invoice	87.40% creditors were paid within 30 days	-12.06%	The negative variance was due to subsistence and travel of former employees who left the employ of MRTT without leaving documents and/ or information (files) behind for continuity in the entity hence their subsistence and travel claims were withheld	No revisions were made
Clean Audit Opinion	POI 303: Unqualified annual financial statements without any material misstatements	Unqualified Audit opinion	Unqualified Audit opinion	Clean Audit Opinion	Unqualified Audit opinion	-	-	No revisions were made
SUB-PROGRAMME MARKETING								
Recruit learners to enrol with the MRTT	POI 304: Number of learner recruitment drives undertaken	18 Career exhibitions	18 Career exhibitions	30 career exhibitions	22 Career exhibitions	-8 career exhibitions	The negative variance was due to less exhibitions coordinated by the stakeholders. MRTT is relying on the Provincial Government and other strategic stakeholders for exhibitions	No revisions were made
Corporate advertising	POI 305: Number of corporate advertisements published	25 Corporate advertisements	12 Corporate advertisements	14 Corporate advertisements	18 Corporate advertisements	+4 Corporate advertisements	The positive variance is due to corporate advertisements that were also posted on social media platforms	No revisions were made
		9 Newsletters published	6 Newsletters published	10 Newsletters published	4 Newsletters published	- 6 Newsletters published	The negative variance was due to the design license expiry due to delays on renewal from the side of the service provider	
SUB-PROGRAMME ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT								
Advance transformation and support to SMME's	POI 306: Percentage spent increased on B-BBEE against the total procurement spent	62% spent on B-BBEE	60% spent on B-BBEE	70% spend on B-BBEE on goods and services	77.38% spent on B-BBEE on goods and services	+ 7.38% spent	The positive variance was due to increased supplier market engagement resulting from the roll out of projects.	No revisions were made

PROGRAMME 3: CORPORATE SERVICES – SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT								
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE								
SUB-PROGRAMME HUMAN RESOURCE MANAGEMENT								
Building capacity on the PM system	POI 307: Number of performance management capacity building/ support sessions and performance agreements signed	2 PMS capacity building sessions conducted	3 PMS capacity building sessions conducted	1 PMS capacity building session 100% employees signed performance agreements	0 PMS capacity building session 30% employees signed performance agreements	1 PMS capacity building session 70% performance agreements	The entity had to delay the sessions until the review of the performance management policy.	No revisions were made
Development of the EE plan and WSP	POI 308: Number of HRM compliance reports and plans submitted to relevant institutions	1 WSP and ATR submitted to ETDPSETA 1 EE plan and EE report submitted to the Dept. of Employment and Labour	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 1 EE plan and EE report submitted to Dept. of Employment and Labour	1 WSP and ATR submitted to ETDPSETA 1 EE plan and EE report submitted to Dept. of Employment and Labour	-	-	No revisions were made
Provision of legal services to the board and management	POI 309: Number of days to respond to legal matters brought to the legal services	Matters responded to within 14 working days	Matters responded to within 14 working days	Matters responded to within 14 working days	All legal matters received attended to within the fourteen (14) days turn around period	-	-	No revisions were made
SUB-PROGRAMME PLANNING AND PERFORMANCE INFORMATION								
Facilitate integrated planning within the entity	POI 310: Number of APPs compiled and approved	APP developed and tabled 1 Strategic planning session held	1 Annual Performance Plan 1 Strategic planning session held	1 Annual Performance Plan developed 1 Strategic Planning session held.	1 Annual Performance Plan developed 1 Strategic Planning session held	-	-	No revisions were made
	POI 311: Number of progress reports on the resolutions of the strategic planning session	New indicator	New Indicator	4 Progress reports	4 Progress reports	-	-	No revisions were made

STRATEGY TO OVERCOME UNDER ACHIEVEMENT

The entity will ensure that it focuses its efforts on the payment of creditors within 30 days, and make budget available as and when it procures goods and services from service providers. The process of the review of the organisational structure will be prioritised and be completed before the end of the 2023-24 financial year. This will assist with the filling of vacancies and support performance in sub-programmes such as the human resource management and others. The newsletters will be limited to one per quarter to secure content and profile projects and training programmes.

PERFORMANCE IN RELATION TO STANDARDISED OUTPUTS AND OUTPUT INDICATORS FOR SECTORS WITH CONCURRENT FUNCTIONS

The programme and entity do not have standardised outputs and output indicators.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 3	2022/2023 BUDGET R'000	2022/2023 ACTUAL EXPENDITURE R'000	2022/2023 (OVER)/UNDER EXPENDITURE R'000	2021/2022 BUDGET R'000	2021/2022 ACTUAL EXPENDITURE R'000	2021/2022 (OVER)/UNDER EXPENDITURE R'000
Quality assurance	1 391	1 224	167	696	1 242	-546
Finance	8 856	17 487	-8 631	7 613	22 710	-15 097
Marketing	2 039	2 452	-413	796	2 393	-1 597
Administration	14 132	16 987	-2 855	12 342	18 296	-5 954
Human Resources	6 660	2 500	4 160	6 056	3 392	2 664
CEO	9 888	15 169	-5 281	6 762	8 508	-1 746
TOTAL	**42 966**	**55 819**	**-12 853**	**34 265**	**56 541**	**-22 276**

PROGRESS ON THE IMPLEMENTATION OF THE MPUMALANGA SKILLS AND INNOVATION HUB

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2022-23	Q1	Q2	Q3	Q4
Implement and maintain the corporate governance and management process of the Skills Hub	Implementation of the approved oversight and governance model (MOI) and establishment of governance structures	The MOI was developed and approved by the Founding Members	Implementation of the approved oversight and governance model (MoI) and establishment of governance structures	Oversight and governance model (MoI) implemented and governance structures established	MOI and Board of Directors updated with CIPC
Implement and manage the Skills Hub (built Project) infrastructure development according to the project management phases	Approval of architectural design, detailed costing and bill of quantities by key stakeholders (founding members and Provincial Governance Structures)	The architectural design concept has been completed and approved by the MISH founding members Traffic impact study has been completed	Compilation of tender documentation and evaluations for the appointment of construction companies.	The Service Provider proceeded with the township establishment process which required that adverts should be issued for objections to be noted for such establishment. The newspaper adverts were made for township establishment of the site. The service provider also sent registered mails to the neighbours, all responses received from adverts and registered mails were sent directly and circulated to the local municipality.	A letter was directed to the Mayor of Emalahleni to request intervention in the delay of the approved township planning for the N12 and building line relaxation for MRTT House. An approval was received for MRTT House and awaiting response regarding the site on the N12. Specs and tender documents were developed for the construction of the perimeter wall, roads and storm water infrastructure.
Operationalise the skills Hub functionalities	Conclude introduction of all operational function-alities for Digital / Incubation and support Handing over of the renovated house.	The renovation of the MRTT House is still in progress	Introduce first phase functional programme	Partial Handover of the complete renovated building	Computer Skills Training will be done by University of Pretoria and a quotation was received. ETDP Seta was contacted for grant funding and training will commence as soon as funding application is successful.
	Stakeholder engagement and management for operationalising the Skills Hub	The corporate identity is being designed by the graphic designer in the Office of the Premier and a second option by the Communications division at the Department of Education. Meetings were held with NYDA for training at the Digital Incubation Hub SEDA was approached for incubation projects	One (1) stakeholder grant, partnership agreement signed	Zero (0) stakeholder grant, partnership agreement signed	Draft MOUs were compiled with NYDA and SEDA. MISH is making inputs and will sign as soon as inputs are complete. It was decided MISH will engage with University of Pretoria and USAID on a project-to-project basis.

MRTT

5. DONOR FUNDS

7.1. DONOR FUNDS RECEIVED

The entity has not received any donor funds during the financial year under review.

The entity has, however, received moveable assets that were donated by the NYDA to the value of R31 702,00.

6. CAPITAL INVESTMENT

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

  The entity spent R293 713 on asset procurement for the period under review

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

  None

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

  None

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

  None

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

  None

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

  None

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

ASSET CLASS	NET BOOK VALUE	REASON FOR DISPOSAL
Computer equipment	39 698	Impaired
Machinery and Equipment	136 968	Impaired
Domestic equipment	563	Impaired
Motor vehicles	16 755	Impaired
Office Furniture	28 763	Impaired
Office equipment	3 252	Impaired
Total	**225 999**	

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

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

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

CONDITION	NUMBER OF ASSETS	PERCENTAGE
Good	694	14,62%
Poor	112	2,36%
Fair	3942	83,02%
TOTAL	**4748**	

- **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**

  None

PART C
GOVERNANCE

MRTT

1. INTRODUCTION

The Mpumalanga Regional Training Trust (MRTT) is a Public entity, listed under Schedule 3C of the Public Finance Management Act No.1 of 1999 (PFMA). The entity is governed in terms of the Companies Act and the principles of King IV report on corporate governance. The Accounting Authority (AA) and it structures abide by corporate governance principles that are embodied in the various legislative framework, regulations and reports such as the King IV report and the Companies 71 of 2008 Act.

2. PORTFOLIO COMMITTEES

COMMITTEE	DATES	ISSUES RAISED
Consideration of the 2021/22 Fourth (4th) Quarter Performance Report and the 2022/23 Annual performance Plans	27 May 2022	High vacancy rate within the entity and the challenge of adequate budget allocation
Consideration of the 2022/23 First (1st) Quarter Performance Report	01 September 2022	Quarterly performance issues including the finalization of the appointment of the CEO
Consideration of the 2021/22 Annual Report and the 2022/23 Second (2nd) Quarter Performance Report	18 November 2022	Acting personnel within the entity, including support that the entity is giving towards the implementation of the Mpumalanga Skills and Innovation Hub
Meet with the department, MRTT Board, Senior Management and the Audit Committees of the Department of Education and MRTT	24 November 2022	Findings during the audit process
Consideration of the 2022/23 Third (3rd) Quarter Performance Report	02 March 2023	Implementation of MISH, secondment of officials from MRTT to MISH while the entity has financial problems and support by the department to the entity.

3. THE EXECUTIVE AUTHORITY

The Executive Authority of MRTT is the MEC for Education in the Mpumalanga Province. The Board of Directors enters into a performance agreement (Shareholders Compact) with the Executive Authority on an annual basis outlining the key performance arears and indications to be achieved by the entity. MRTT provides quarterly reports (financial and performance) to the shareholder in addition to attending the DoE Senior Management meetings and Portfolio Committee meetings.

4. THE ACCOUNTING AUTHORITY / BOARD OF DIRECTORS

The MRTT is governed and represented by the Accounting Authority ("the Board") appointed by the MEC of Education. The Board is committed to a high standard of business integrity, accountability and transparency. The Board as the Accounting Authority provides strategic direction to the entity and monitor achievement of the mandate, goals and strategic objectives. The Board of Directors must comply with the provisions of the PFMA and their fiduciary duties as stipulated in section 50 of this Act.

The Board meets at least four times a year and additional special meetings are convened to consider specific Board operational maters. The Board delegates specific responsibilities to the Sub-Committees that are chaired by Board Members and Independent Non-Executive Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

- 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 objectives, 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 and Risk 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 Chief Executive Officer

MRTT

BOARD CHARTER

The Board approves the charter which sets out the roles, duties and responsibilities of the board including the principles of corporate governance. The board and committee charters are reviewed annually to ensure effectiveness and relevance.

COMPOSITION OF THE BOARD

The board served with seven members during the period under review and the audit and risk committee supported the board in ensuring proper oversight and assurance of all quarterly reports

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS
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 • Former CEO of CETA • Board Member at EBMTC • Former National Education Officer at NUM. • Former Member of National Skills Authority. • Member various committees.	Board Chairperson
Mr TR Mokgoshi	Board Member	03-12-2018	Still serving	Higher National diploma and Honours in Chemical Engineering from Tesside University in England 1990-2001 Engineering Management Programme from Tukkies.	Engineering	• Amatola Water Board.	Marketing and Technical Committee, Audit and Risk Committee
Ms LM Motshwane	Board Member	26-11-2021	Still serving	Secondary Teachers Diploma, Ace (Education Management), Basic Financial Skills, Postgraduate Diploma in Public Management, Certificate in Labour Law Management, Introduction to Investment and Finance Principles of Economics Finance and Investment Management Current Studies Master's In Public Management	Professional Teacher and National Office Bearer of SADTU	• National Treasurer -SADTU • Treasurer – Southern Africa Teachers Organization (SATO) • Chairperson – school governing body (Germiston high school) • Member of the finance committee (PSCBC) • Chairperson of SADTU Investment Holdings • Member of SADTU Investment Trust • Chairperson of Finance committee ETDP-SETA • Member of Exco ETDP-SETA • Member of The Accounting Authority ETDP-SETA • Member of Finco South African Council For Educators • Provincial Treasurer South African Communist Party	Finance & Remuneration, Marketing and Technical Committee
Mr HH Nkanyane	Board Member	26-11-2021	Still serving	Master of Philosophy, Master Business Leadership, Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post-Graduate Diploma: Compliance Management B. Tech: Cost and Management Accounting N. Dip: Cost and Management Accounting	Professional Internal Auditor	• Chairperson of Risk Management Committee at MEGA and MTPA	Finance & Remuneration Committee And Audit and Risk Committee

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS
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 and Risk 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 and Risk Committee and Chairperson of Finance & Remuneration 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 Councilor. Former PA to Executive Mayor at Steve Tshwete Current deputy secretary of SACP.	• Current deputy secretary of SACP, Member of Regional Committee Appeals Committee for Dept of Labour	Chairperson of Marketing & Technical Committee and Audit Committee and Finance and Remuneration Committee

BOARD COMMITTEES

The Board Committee constitutes an important element of the governance process and enhances the efficiency of the board. The entity currently has the following committees:

COMMITTEES	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS
Senior Management Committee	10	05	• Mr FW Magwandana • Ms. Z Khoza • Mr M Jafta, • Mr B Hlatshwayo • Mr S Shungube
Marketing & Technical Committee	07	04	• Mr MI Tibane • Mr B Sibanyoni • Mr TR Mokgoshi • Ms LM Motshwane
Finance and Remuneration Committee	10	05	• Mr Sibanyoni • Mr HH Nkanyane • Ms LM Motshwane • Mr BM Singwane • Mr MI Tibane
Risk Management Committee	05	06	• Mr R Tshimomola (Independent Chairperson) • Mr FW Magwandana • Mr MG Jafta • Mr B Hlatshwayo • Ms Z Khoza • Mr SC Shungube
Audit & Risk Committee	09	05	• Dr DR Mango • Mr MB Singwane • Mr B Sibanyoni • Mr HH Nkanyane • Mr TR Mokgoshi

COMMITTEES	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS
Board of Directors	15	07	• Mr PP Maoko • Mr TR Mokgoshi • Mr HH Nkanyane • Ms LM Motshwane • Mr MB Singwane • Mr B Sibanyoni • Mr MI Tibane

5. RISK MANAGEMENT

MRTT has embedded risk management techniques in its day to day operations to identify emerging risks that could negatively impact on its environment, outputs and inputs. The entity has approved Risk Management policy, strategy and implementation plan during the period under review. A risk assessment workshop was conducted, which outlined the risk descriptions and categorises the controls put in place to reduce the impact of the risk identified to mitigate the risks.

The Audit & Risk Committee performs an oversight function and advises the Board primarily on matters relating to risks that MRTT is and may be exposed to. Management developed a consolidated operational risk register for the sub-programmes to ensure that risks are understood. In the context of an entity's established vision, management sets strategic objectives, select strategy and determines aligned objectives cascading through the organisation.

6. FRAUD AND CORRUPTION

MRTT has a Fraud and Corruption Prevention Policy in place which is regularly reviewed to ensure effectiveness of the internal controls. The MRTT 's whistle blowing policy is in place to support the Fraud and Corruption Prevention Policy and the hotline number has been introduced to both internal and external stakeholders through the website.

MRTT managers are responsible for the detection, prevention and investigation of fraud, corruption and maladministration. The accountability to conduct investigations regarding allegations of fraud, corruption and maladministration, and any other dishonest activity resides with the CEO. MRTT continues to commits in providing protection to whistle blowers that had made a protected disclosure in terms of this policy.

7. MINIMISING CONFLICT OF INTEREST

Members of the board as well as senior management are required to avoid direct or indirect interest that conflicts or may conflict, with MRTT 's interests. The board is required to declare any conflict of interest in matters they might have at the start of every meeting enabling the Board and MRTT staff to facilitate recordings of any interest that might impact on the MRTT. In managing the risk of conflict of interest, it is a requirement that all officials in the supply in the supply chain management unit and all internal staff participating in the tender/procurement committees complete and sign declaration interest forms and the code of conduct. In instances where an affected party is conflicted, it is a requirement that the party be recused and that the matter of conflict be declared and registered accordingly.

8. CODE OF CONDUCT

The MRTT has an approved code of conduct policy in place and all employees joining the entity and the board are provided with an induction information that includes a presentation on all code of conduct, ethics code and business conduct. This code is directly linked to the MRTT values and ethics which acts as guideline to employees on what is expected of them from an ethical point of view, both in their individual conduct and their relationship with others.

9. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In recent times Health, Safety and Environment issues have become a pivotal part of every business and organisation. Moreover, with the advent of Covid-19 pandemic in 2020 and other emerging high profile diseases, compliance with the Occupational Health and Safety Act 85 of 1993 has become critical. The entity has employed the occupational health and safety offer with well-established health and safety committee to monitor compliance with health standards The MRTT has continued to comply with COIDA requirements and is an employer in good standing.

10. COMPANY SECRETARY

MRTT is schedule 3C public entity and not classified as state-owned (SOC) in terms of the Companies Act No. 71 of 2008 as amended, however, there is a Company Secretary and Legal Service Manager who provides advisory on corporate governance, secretarial and administrative support to the MRTT Management and its Board.

11. SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
1	Share and give update regarding the implementation of previous SCOPA resolutions for the 2019/20 Financial Year	Whether the entity has developed an audit action plan, and whether the action plan is been monitored and implemented	Yes, the entity has implemented the resolutions of SCOPA for the financial year 2021-22	Not all were resolved
2	Acting CEO provide the progress report on the implementation of the 2020/21 Audit Action Plan?	Progress report on the SCOPA resolutions made	The entity through its action plan has resolved findings even though not all were resolved.	Not all were resolved
3	Whether irregular expenditure was reported by officials to the Acting CEO when such transgression was discovered?	If any steps were taken against officials who caused the entity irregular expenditure	The irregular expenditure was discovered by the Auditor General South Africa during the audit of the entity and was duly report to the CEO	Yes
4	Did the Acting CEO record details of the transgression in the irregular expenditure register?	Whether the irregular expenditure was recorded	The Acting CEO appointed the Internal Auditors to perform a determination test as per the guideline of the Framework on Irregular Expenditure.	Yes
5	Any criminal case opened against the official(s) who conducted the fraudulent activities?	Whether criminal cases were opened against affected officials	No criminal case has been opened against any official. The process of a criminal case will also be informed by the outcomes of the determination test, the completed report (determination test) did not point to any specific official that the entity could open a criminal case for.	Yes

12. PRIOR MODIFICATIONS TO AUDIT REPORTS

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINION AND MATTERS OF NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
The entity did not assess the useful lives of assets in accordance with GRAP 17, Property, plant and equipment. A general rate was applied for all classes of property, plant and equipment, without considering the condition of the assets (including Rnil- and R1-value assets.	2022-23	Management conducted a physical verification of assets that included a conditional assessment of assets, assessment of useful lives of assets and the results of the exercise was to extend the useful lives of the assets. The accounting policy was amended in the AFS and approval was sought to approve the AFS and the board approved the AFS with the amendments in the accounting policy. The AFS were approved by the Board on the 30th of May 2023 with the Accounting policies that have useful lives that were extended. The Assets management policy will be amended in the year 2023-24. The accounting policy in AFS was amended with the extension of useful lives and agrees to the Fixed Asset Register.

13. INTERNAL CONTROL UNIT

The ARC is responsible to oversee the implementation of the effective systems of financial management and internal controls that ensure the efficient, economical and transparent use of the MRTT 's financial resources, as well as improvement of systems and processes relating to management oversight and governance. All MRTT employees are responsible for ensuring that the internal controls within their immediate areas of responsibility are maintained. The primary focus of the internal control function during the year under review was monitor and review the progress made to address the internal and external audit findings including the implementation of controls to mitigate the risk of recurrence of similar findings.

14. INTERNAL AUDIT AND AUDIT COMMITTEES

ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

The MRTT 's Internal Audit functions were performed through the appointed service provider, who is appointed for a fixed period of three years. The Internal Audit are required to provide the RC and Management with quarterly assurance reports in terms of the approved annual and three year rolling internal audit plan. The primary purpose and objective of the Internal Audit function is to consider the scope of the external auditors and other assurance providers, as appropriate for providing optimal audit coverage; perform efficient and effective audits which are proactive and promptly reported with the application of suitably skilled personnel; timeously issue reports, conduct regular internal audits and follow-up on corrective actions relating to weaknesses identified in the previous audit.

SUMMARY OF AUDIT WORK DONE

The Internal Audit function prepared a three year annual coverage plan and internal audit charter after considering all major risks facing the entity. The plans and the internal audit charter were approved by the Audit Committee. The progress against the Annual Audit Plan was reported on a quarterly basis. The Internal Audit function executed and completed all the audits on the approved plan. Where controls were found to be inadequate, recommendations for enhancement or improvement were provided. Audits were conducted, amongst others, in the following arears:

- Audit & Risk Committee Charter 2022/2023 financial year
- Internal Audit Charter 2022/2023 financial year
- Approved MRTT Internal Audit Coverage Plan for 2022/2023 financial year.
- Determination Test
- Audit of Predetermined Objectives
- Supply Chain Management review
- Human Resource Management
- Asset Management and Fleet Management review
- Hospitality and Tourism Academy audit
- Technical Training Operations Audit
- Occupational Health and Safety Audit
- Financial Discipline review

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 effective ness 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 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, special meetings are convened.

The following table discloses the attendance of the Audit Committee during the period under review:

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Dr DR Mango	Degree: Doctor of Business Administration Degree: Master of Business Administration (MBA), Certificate: Local Democracy and Governance Diploma: Post Graduate in Education, Diploma: Advanced Software Application, Certificate: Public Management, Certificate: Human Resources Management, Bachelor of Education Honours (B.Ed. Hons), Diploma: Education Management Diploma: Secondary Teachers Diploma	External	External	01-04-2020	31-03-2023	9
Mr TR Mokgoshi	Higher National Diploma and Honours in Chemical Engineering from Tesside University in England 1990-2001 Engineering Management Programme from University of Pretoria.	External	External	06-12-2021	Still serving	9
Mr MB Singwane	LLB	External	External	18-02-2019	Still serving	07
Mr B Sibanyoni	Certificate in Executive Leadership and Municipal Development.	External	External	18-02-2019	Still serving	09
Mr HH Nkanyane	Master of Philosophy Master of Business Leadership Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post-Graduate Diploma: Compliance Management B. Tech: Cost and Management Accounting N. Dip: Cost And Management Accounting	External	External	06-12-2021	Still serving	09

MRTT

14. AUDIT COMMITTEE REPORT

The Audit and Risk Committee (ARC) is pleased to presents its report for the financial year ended 31 March 2023, as required by section 51 of the Public Finance Management Act 1, 1999 (PFMA) read with the Treasury Regulations.

AUDIT COMMITTEE RESPONSIBILITY

The ARC reports that it has complied with its responsibilities arising from Section 51(1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee confirms that the system of internal control applied by the entity over the financial and risk management were effective and found to be satisfactory. The Internal Audit provides assurance that the internal controls are appropriate and effective. This is achieved by risk management process, as well as the identification of corrective actions and suggested improvement to control processes.

The following internal work were completed during the year under review:

- Audit & Risk Committee Charter 2022/2023 Financial Year
- Internal Audit Charter 2022/2023 financial year
- Approved MRTT Internal Audit Coverage Plan for 2022/2023 financial year.
- Determination Test
- Audit of Predetermined Objectives
- Supply Chain Management review
- Human Resource Management
- Asset Management and Fleet Management review
- Hospitality and Tourism Academy audit
- Technical Training Operations Audit
- Occupational Health and Safety Audit
- Financial Discipline review
- AGSA follow-up report

The Committee focused on specific controls issues, in particular, the controls relating to PFMA reporting. The committee concluded that the internal control environment has room to improve, particularly with regard to contract management and extension of contracts in a concerted effort to detect and curb irregular expenditure.

Despite major improvement in relation with the reporting of performance information, the Committee notes with concern the issues that continue to persists in relation to the entity's budget and cost curtailment.

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 as required by PFMA and Treasury Regulations.

EVALUATION OF FINANCIAL STATEMENTS

The Committee considered the annual financial statements for fair presentation with the relevant requirements of PFMA, Treasury Regulations and Generally Accounting Practice (GRAP). The Committee had sought the input of the and views of the external auditors and encouraged rigorous challenging of controls, accounting and disclosure measures

AUDITOR'S REPORT

We have reviewed the public entity's action plan on the reported audit findings 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: 14 July 2023

MRTT

PART D
HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

The Human Resources Management (HRM) in its strategic and coherent approach strived to effectively and efficiently manage the human capital of the entity to ensure that the organization gain competitive advantage. Efforts were put in place to maximize employees' performance to support other sub-programmes. The entity was unable to fill all vacant positions including critical positions that are crucial to the sustainability and effectiveness of the entity due to financial constraints. The process of the review of the organizational structure was not completed due to financial challenges and this hampers service delivery.

2. OVERVIEW OF HUMAN RESOURCES

The Human Resource Management Sub-Programme within the entity was primarily concerned with management of people within the organization focusing on review of policies and systems, employee benefits, recruitment of suitable employees, training and development, performance management and employee benefits systems.

The sub-programme is currently in the process of securing a service provider to conclude the process of reviewing the organizational structure with an effort of maximizing its personnel and to reach its strategic objective. The process is not at the required haste due to the financial constraints, the entity is currently experiencing challenges in as far as financial resources are concerned and this has an impact on the ability of the entity to train its personnel and close the skills gap. The entity conducted a skills audit which identified serious skills gap on the current employees within the entity.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
HTA	13 704	9 955	24	197	77%	261
TTO	43 270	23 673	58	0	56%	254
Corporate Service	56 541	19 824	49	647	36%	508
TOTAL	**113 515**	**53 452**	**131**	**844**	**49%**	**1 023**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Lower skilled (Levels 1-2)	1 695	3%	35	48
Skilled (level 3-5)	5 418	10%	72	75
Highly skilled production (levels 6-8)	16 778	31%	25	277
Highly skilled supervision (levels 9-12)	9 446	18%	12	787
Senior and Top management (levels 13-16)	20 115	38%	2	10 057
TOTAL	**53 452**	**100%**	**146**	**274**

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
PROGRAMME	AMOUNT (R'000	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000	MEDICAL AID AS A % OF PERSONNEL COSTS
HTA	13 704	299	114	3	0	0	0	0
TTO	43 270	366	495	4	0	0	0	0
Corporate Service	56 541	144	115	3	0	0	0	0
TOTAL	**113 515**	**809**	**725**	**10**	**0**	**0**	**0**	**0**

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
SALARY BAND	AMOUNT (R'000	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000	MEDICAL AID AS A % OF PERSONNEL COSTS
Skilled (level 1-2)	1 695	48	58	0	0	0	0	0
Skilled (level 3-5)	5 418	75	605	0	0	0	0	0
Highly skilled production (levels 6-8)	16 778	277	166	0	0	0	0	0
Highly skilled supervision (levels 9-12	9 446	787	0	0	0	0	0	0
Senior management (levels ?	20 115	10 057	0	0	0	0	0	0
TOTAL	**53 452**	**274**	**829**	**0**	**0**	**0**	**0**	**0**

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A. EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

PROGRAMME	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
HTA (1)	43	32	11	6
TTO (2)	33	25	8	93
Corporate Service (3)	29	24	5	15
TOTAL	**105**	**81**	**24**	**114**

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Lower skilled (1-2)	16	12	4	20
Skilled (3-5)	35	27	8	51
Highly skilled production (6-8)	36	32	4	53
Highly skilled supervision (9-12)	13	8	5	1
Senior management (13-16)	5	2	3	-
Total	**105**	**81**	**24**	**125**

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

PROGRAMME	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Chief Executive Officer	1	0	100%	0
General Managers	4	2	50%	0
Manager positions	9	5	45%	0
Total	**14**	**7**	**50%**	**0**

B. FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2023

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Salary Level P1	1	0	0%	1	100%
Salary Level P3	4	1	25%	2	25%
Salary Level P5	9	5	55.5%	4	44.5%
TOTAL	**14**	**7**	**50%**	**7**	**50%**

Table 3.3.2 SMS post information as on 30 September 2023

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Salary Level P1	1	0	0%	1	100%
Salary Level P3	4	1	25%	2	50$
Salary Level P5	9	5	55.5%	4	44.5%
TOTAL	**14**	**6**	**50%**	**7**	**50%**

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS LEVEL	ADVERTISING	FILLING OF POSTS	
	NUMBER OF VACANCIES PER LEVEL ADVERTISED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL FILLED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL NOT FILLED IN 6 MONTHS BUT FILLED IN 12 MONTHS
Salary Level P1	1	0	0
Salary Level P3	0	0	0
Salary Level P5	1	1	0
TOTAL	**2**	**1**	**0**

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS
The positions could not be filled within 6 months due to recruitment process that took longer and the suitability of the candidates of the applicants that applied for the vacant positions

REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS
The positions could not be filled due to financial constrains as the entity had a budget cut on its allocation by the department

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS
No disciplinary steps taken for not complying with the prescribed timeframes due reason not caused by any individual

REASONS FOR VACANCIES NOT FILLED WITHIN SIX MONTHS
No disciplinary steps taken for not complying with the prescribed timeframes due to reasons not caused by individual or official

C. JOB EVALUATION

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF JOBS EVALUATED	% OF POSTS EVALUATED BY SALARY BANDS	POSTS UPGRADED		POSTS DOWNGRADED	
				NUMBER	% OF POSTS EVALUATED	NUMBER	% OF POSTS EVALUATED
Lower Skilled (P13-16)	0	0	0	0	0	0	0
Skilled (P9-12)	0	0	0	0	0	0	0
Highly skilled production (8)	0	0	0	0	0	0	0
Highly skilled supervision (P7)	0	0	0	0	0	0	0
Senior Management (P1)	0	0	0	0	0	0	0
Senior Management (P3)	0	0	0	0	0	0	0
Senior Management (P5)	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**

Employees with a disability	0

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
Salary Level P1	0	0	0	0
Salary Level P3	0	0	0	0
Salary Level P5	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None

D EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

SALARY BAND	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-1 APRIL 20YY	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Lower Skilled (P13-16)	12	0	1	1
Skilled (P9-12)	24	0	2	2
Highly skilled production (8)	27	0	0	0
Highly skilled supervision (P7)	9	0	0	0
Senior Management (P1)	0	0	0	0
Senior Management (P3)	2	0	1	1
Senior Management (P5)	7	1	0	0
Contracts	0	0	0	0
TOTAL	**81**	**1**	**4**	**4**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-APRIL 20YY	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Senior Management (P1)	0	0	0	0
Senior Management (P3)	2	0	1	1
Senior Management (P5)	7	1	0	0
TOTAL	9	1	1	1

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Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	1	33.33
Resignation	2	66.66
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Other	0	0
TOTAL	**3**	**99.99**
Total number of employees who left as a % of total employment	**3.7%**	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

OCCUPATION	EMPLOYEES 1 APRIL 20YY	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY OCCUPATION	PROGRESSIONS TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSION AS A % OF EMPLOYEES BY OCCUPATION
Senior Management (P1)	0	0	0	0	0
Senior Management (P3)	0	0	0	0	0
Senior Management (P5)	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

SALARY BAND	EMPLOYEES 1 APRIL 20YY	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY BANDS PROMOTIONS AS A % OF EMPLOYEES BY SALARY LEVEL	PROGRESSIONS TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSION AS A % OF EMPLOYEES BY SALARY BANDS
Skilled (3-5)	0	0	0	0	0
Highly skilled production (6-8)	0	0	0	0	0
Highly skilled supervision (9-12)	0	0	0	0	0
Senior management (13-16)	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**

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E. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	2	0	0	0	0	0	0	0	2
Professionals	6	0	0	1	4	0	0	0	11
Technicians and associate professionals	26	0	0	0	6	0	0	0	32
Clerks	6	0	0	0	13	0	0	0	19
Service and sales workers	1	0	0	0	1	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	2	0	0	0	0	0	0	0	2
Elementary occupations	2	0	0	0	11	0	0	0	13
TOTAL	**45**	**0**	**0**	**1**	**35**	**0**	**0**	**0**	**81**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	2	0	0	0	4	0	0	0	6
Professionally qualified and experienced specialists and mid-management	4	0	0	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	26	0	0	1	6	0	0	0	33
Semi-skilled and discretionary decision making	9	0	0	0	13	0	0	0	22
Unskilled and defined decision making	2	0	0	0	11	0	0	0	13
TOTAL	**45**	**0**	**0**	**0**	**35**	**0**	**0**	**0**	**81**

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Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	1	0	0	0	0	0	0	0	1
Professionals	1	0	0	0	0	0	0	0	1
Technicians and associate professionals	2	0	0	0	2	0	0	0	4
Clerks	1	0	0	0	4	0	0	0	5
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
TOTAL	**5**	**0**	**0**	**0**	**6**	**0**	**0**	**0**	**11**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	

F. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2023

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Senior Management (P1)	1	1	1	1
Senior Management (P3)	4	4	4	4
Senior Management (P5)	9	9	9	9
Senior Management (P7)	7	7	7	7
Total	**21**	**21**	**21**	**21**

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

SREASONS
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023

SREASONS
None

G. PERFORMANCE REWARDS

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2022 to 31 March 2023

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
African	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0
Female	0	0	0	0	0
White	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0
Female	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

CRITICAL OCCUPATION	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE
Senior Management (P1)	0	0	0	0	0
Senior Management (P3)	0	0	0	0	0
Senior Management (P5)	0	0	0	0	0
Senior Management (P7)	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**

H. FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 and 31 March 2023

SALARY BAND	01 APRIL 20YY		31 MARCH 20ZZ		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (Lev. 9-12)	0	0	0	0	0	0
Contract (Lev. 13-16)	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

MAJOR OCCUPATION	01 APRIL 20YY		31 MARCH 20ZZ		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
	0	0	0	0	0	0
	0	0	0	0	0	0

I. LEAVE UTILISATION

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Unskilled	14		12		1.16	7012
Semi- Skilled	53		20		2.65	9962.00
Skilled	104		29		3.58	13881
Professionals	23		10		2.3	4707.00
Senior managers	0		0		0	480.00
TOTAL						

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Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 20ZZ

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING DISABILITY LEAVE	% OF TOTAL EMPLOYEES USING DISABILITY LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	365		1	1	365	
Skilled (Levels 3-5)	0		0	0	0	
Highly skilled production (Levels 6-8)	365		1	1	1	
Highly skilled supervision (Levels 9-12)	0		0	0	0	
Senior management (Levels 13-16)	0		0	0	0	
TOTAL						

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2023

SALARY BAND	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Unskilled	111.83	35	3.19
Semi- Skilled	257.69	15	15.06
skilled	225.90	19	11.88
Professionals	49.33	8	6.16
Senior managers	4	1	4
TOTAL			

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

SALARY BAND	TOTAL DAYS OF CAPPED LEAVE TAKEN	NUMBER OF EMPLOYEES USING CAPPED LEAVE	AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE	AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON 31 MARCH 20ZZ
Unskilled	0.00	0	0	0
Semi- Skilled	357.31	20	17.86	17.86
skilled	421.09	27	15.59	15.59
Professionals	78.66	9	8.74	8.74
Senior managers	1	1	1	1
TOTAL				

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 20YY and 31 March 20ZZ

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PER EMPLOYEE (R'000)
Leave pay out for 2022/23 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2022/23	0	0	0
Current leave pay out on termination of service for 2022/23	61 433.25	1	61 433.25
TOTAL	**61 433.25**	**1**	**61 433.25**

J. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

UNITS/CATEGORIES OF EMPLOYEES IDENTIFIED TO BE AT HIGH RISK OF CONTRACTING HIV & RELATED DISEASES (IF ANY)	KEY STEPS TAKEN TO REDUCE THE RISK
Employees who are on projects	An awareness campaign on possible risk and encouraging employees to be vigilant and to do regular tests on their HIV status.

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

QUESTION	YES	NO	DETAILS, IF YES
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		No	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Number of employees –One (1) Budget for the year – R312 000.00
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.		No	
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Health and safety committee has been establish and it meets quarterly to discuss health and safety issues
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The organization has policies in place to ensure that employees are not discriminated against on the HIV status
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.		No	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		The organization, through the wellness activities that are held annually, encourages employees to undergo voluntary counselling and testing
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

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K. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Total number of Collective agreements	None

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Total number of Collective agreements	None

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
	0	0
	0	0
TOTAL	**0**	**0**

Table 3.12.4 Grievances lodged for the period 1 April 2022 and 31 March 2023

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
TOTAL NUMBER OF GRIEVANCES LODGED	**0**	**0**

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

GRIEVANCES	NUMBER	% OF TOTAL
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
TOTAL NUMBER OF DISPUTES LODGED	**0**	**0**

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

L. SKILLS DEVELOPMENT

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 20YY	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIP	SKILLS PROGRAMMES & OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	2	0	2	0	2
Professionals	Female	4	0	4	0	4
	Male	7	0	3	4	7
Technicians and associate professionals	Female	6	0	3	3	6
	Male	26	0	10	12	22
Clerks	Female	13	0	6	5	11
	Male	6	0	4	2	6
Service and sales workers	Female	1	0	0	1	1
	Male	1	0	0	1	1
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	2	0	0
Elementary occupations	Female	11	0	5	3	8
	Male	2	0	2	0	2
Sub Total	**Female**	**35**	**0**	**20**	**12**	**30**
	Male	**45**	**0**	**21**	**19**	**40**
TOTAL		**81**	**0**	**41**	**31**	**70**

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 20YY	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIP	SKILLS PROGRAMMES & OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Professionals	Female	4	0	1	1	2
	Male	7	0	2	3	5
Technicians and associate professionals	Female	6	0	2	2	4
	Male	26	0	3	1	4
Clerks	Female	13	0	4	3	7
	Male	6	0	2	1	3
Service and sales workers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	11	0	0	0	0
	Male	2	0	0	0	0
Sub Total	**Female**	**35**	**0**	**7**	**6**	**13**
	Male	**46**	**0**	**7**	**5**	**12**
TOTAL		**81**	**0**	**14**	**11**	**25**

M. INJURY ON DUTY

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
TOTAL	**2**	**100**

N. UTILISATION OF CONSULTANTS

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE IN RAND
None			

TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION (WORK DAYS)	TOTAL CONTRACT VALUE IN RAND
None			

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
None			

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	TOTAL DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RAND
None			

TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION (WORK DAYS)	TOTAL CONTRACT VALUE IN RAND
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
None			

O. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2022 and 31 March 2023

SALARY BAND	NUMBER OF APPLICATIONS RECEIVED	NUMBER OF APPLICATIONS REFERRED TO THE MPSA	NUMBER OF APPLICATIONS SUPPORTED BY MPSA	NUMBER OF PACKAGES APPROVED BY DEPARTMENT
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

MRTT

PART E

MPUMALANGA REGIONAL TRAINING TRUST

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members of the Accounting Authority 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 of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the MRTT as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor are engaged to express an independent opinion on the annual financial statements and is 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 of the Accounting Authority 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 of the Accounting Authority to meet these responsibilities, the members of 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 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 in the MRTT is on identifying, assessing, managing and monitoring all known forms of risk across the MRTT. While operating risk cannot be fully eliminated, the MRTT 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 of the Accounting Authority 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 of the Accounting Authority have reviewed the MRTT's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the MRTT has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the members of the Accounting Authority are primarily responsible for the financial affairs of the MRTT, it is supported by the MRTT's external auditors.

The external auditors are responsible for independently reviewing and reporting on the MRTT's annual financial statements. The annual financial statements have been examined by the MRTT's external auditors and their report is presented on page 68.

The annual financial statements set out on pages 76 to 113, which have been prepared on the going concern basis, were approved by the members accounting authority on 30 May 2023 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
Date: 20 July 2023

FW Magwandana
Acting Chief Executive Officer - *ex-officio*
Date: 12 July 2023

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ACCOUNTING AUTHORITY'S REPORT

The members of the accounting authority submit their report for the year ended 31 March 2023.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

Net deficit of the MRTT was R 1 448 495 (2022: deficit R 51 910 240)

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 MRTT.

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

The members of the accounting authority of the MRTT during the year and to the date of this report are as follows:

- PP Maoko - Chairperson of the Board of Directors
- TR Mokgoshi
- BM Singwane
- B Sibanyoni
- MI Tibane
- LM Motshwane
- HH Nkanyane
- LH Moyane - Head Official: Provincial Department of Education - *ex-officio*
- FW Magwandana- Acting Chief Executive Officer - *ex-officio*

7. SECRETARY

The secretary of the MRTT is KM Mohlala.

BUSINESS ADDRESS	Suite No 8 Bureau de Paul Route N4 Office Park Emalahleni 1035
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035

8. CORPORATE GOVERNANCE

GENERAL

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

The MRTT 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 members of the accounting authority discuss the responsibilities of management in this respect at Board meetings and monitor the MRTT's compliance with the code on a quarterly basis.

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

ACCOUNTING AUTHORITY

The members of the Accounting Authority:

- retains full control over the MRTT, 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 MRTT;
- 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		NET INCOME (LOSS) AFTER TAX
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	Entity is in the liquidation process and the financial results are for a period of 5 months (1 April 2022 - 30 August 2022)	(1 289 785)
Mpumalanga Innovation Skills Hub	AFS for MISH not received	-

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

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure of R27 747 843 in the current financial year and for the prior financial year the expenditure was R73 710 694.

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

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

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
Date: 13 July 2023

MRTT

REPORT OF THE AUDITOR-GENERAL

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 77 to 114, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

PROPERTY, PLANT AND EQUIPMENT

3. The entity did not assess the useful lives of assets in accordance with GRAP 17, Property, plant and equipment. A general rate was applied for all classes of property, plant and equipment, without considering the condition of the assets (including Rnil- and R1-value assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant and equipment, stated at R85,9 million (2021-22: R91,9 million) in note 5 to the financial statements, and the depreciation of the property, plant and equipment expense stated at R6,2 million (2021-22: R6,6 million) in note 5 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

CONTEXT FOR OPINION

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

5. 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.

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

EMPHASIS OF MATTERS

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

8. Note 29 to the financial statements indicates that the entity incurred an accumulated deficit of 9,4 million during the year ended 31 March 2023 and, as of that date, its current liabilities exceeded its total current assets by R8,6 million. As stated in note 29, these events or conditions, along with other matters as set forth in note 29, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

MATERIAL IMPAIRMENTS – RECEIVABLES

9. As disclosed in note 3 to the financial statements, a material impairment of R14,1 million (2022: R16,3 million) was incurred as a result of the impairment provision of the receivables from exchange transactions.

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MATERIAL IMPAIRMENTS – INTERCOMPANY ACCOUNT

10. As disclosed in note 8 to the financial statements, a material impairment of R11,1 million (2022: R9,8 million) was incurred as a result of the impairment provision of the receivables from exchange transactions.

OTHER MATTER

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

NATIONAL TREASURY INSTRUCTION NOTE 4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

12. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 30 to the financial statements of the entity. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

13. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of GRAP and the requirements of the 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.

14. 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.

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

15. 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.

16. 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

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

18. I selected the following indicators presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant community or public interest.

    - Number of learners to receive training in SAQA registered learning programmes in culinary studies
    - Number of learners to receive training in SAQA registered learning programmes in hospitality studies

- Number of learners to receive customised training
- Number of learners to receive coaching and mentoring in the workplace
- Number of learners to receive coaching and mentoring in the workplace
- Number of learners to receive coaching and mentoring in the workplace (Food and beverage)
- Number of learners to receive accredited or customised institutional and continuing training
- Number of candidates on RLP and trade testing
- Number of learners trained on learnership and apprenticeship towards 21st century artisan development
- Number of learners targeted for workplace opportunities and incubation programme
- Number of learners receiving accredited training through the skills programme
- Number of learners coached and mentored in the workplace

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

20. I performed procedures to test whether:

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

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

22. I did not identify any material findings on the reported performance information of the selected indicators.

OTHER MATTERS

23. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

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

MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON COMPLIANCE WITH LEGISLATION

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-

General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

EXPENDITURE MANAGEMENT

30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R24 079 285, as disclosed in note 30 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by overspending on the budget.

31. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

32. 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. Material misstatements of receivables, provisions, intercompany loan, expenditure, risk management, related parties and irregular expenditure identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

REVENUE MANAGEMENT

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

PROCUREMENT AND CONTRACT MANAGEMENT

34. Some commodities designated for local content and production were procured from suppliers that did not submit a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015-16.

35. Some commodities designated for local content and production were procured from suppliers that did not meet the prescribed minimum threshold for local production and content, as required by preferential procurement regulation 8(5) of 2017. Similar non-compliance was also reported in the previous year.

36. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts had been approved by a properly delegated official, as required by section 44 of the PFMA and treasury regulations 8.2.1 and 8.2.2. A similar limitation was also reported in the previous year.

OTHER INFORMATION IN THE ANNUAL REPORT

37. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected indicators presented in the annual performance report that have been specifically reported on in this auditor's report.

38. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

39. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected indicators presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information

is not corrected, I may have to retract this auditor's report and issue an amended report as appropriate. If the other information is corrected, however, this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.

43. The accounting authority did not exercise oversight regarding financial and compliance matters as well as related internal controls.

44. The entity developed a plan to address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.

45. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting.

46. Management did not review and monitor compliance with applicable legislation.

MATERIAL IRREGULARITIES

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

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS ON COVID-19 PROCUREMENT

48. I identified a material irregularity during the previous year's audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the accounting authority's responses. This material irregularity will be reported on further in next year's auditor's report.

Mbombela
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity 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.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(4)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A9.1; 16A9; 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Public Service Regulations	Public service regulation 13(c); 18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1; 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1

LEGISLATION	SECTIONS OR REGULATIONS
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/09	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note(s)	2023 R	2022 Restated R
ASSETS			
CURRENT ASSETS			
Inventories	2	248 642	354 087
Receivables from exchange transactions	3	9 898 964	3 522 685
Cash and cash equivalents	4	8 536 009	4 628 846
		18 683 615	**8 505 618**
NON-CURRENT ASSETS			
Property, plant and equipment	5	85 855 142	91 932 847
Intangible assets	6	152 879	182 682
Investments in controlled entities	7	100	100
		86 008 121	**92 115 629**
Total Assets		**104 691 736**	**100 621 247**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	12	22 093 625	16 330 955
Provisions	11	5 216 675	5 460 361
		27 310 300	**21 791 316**
Total Liabilities		**27 310 300**	**21 791 316**
Net Assets		**77 381 436**	**78 829 931**
RESERVES			
Revaluation reserve	10	86 827 650	90 224 108
Accumulated deficit		(9 446 214)	(11 394 177)
Total Net Assets		**77 381 436**	**78 829 931**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R	2022 Restated R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	13	34 291 219	24 172 447
Interest received	13	237 664	713 660
Bad debts recovered	13	100	12 574
Total revenue from exchange transactions	13	**34 528 983**	**24 898 681**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants	14	77 538 000	38 350 000
Total revenue	13	**112 066 983**	**63 248 681**
EXPENDITURE			
Personnel	15	(53 451 784)	(60 148 303)
Depreciation and amortisation	5&6	(6 206 925)	(6 661 079)
Impairment loss/ Reversal of impairments	5	(225 998)	-
Administrative	16	(13 212 825)	(10 826 296)
Debt Impairment - Decrease in impairment for the current year	17	900 046	(3 008 041)
Operating expenses	18	(41 317 992)	(34 515 202)
Total expenditure		**(113 515 478)**	**(115 158 921)**
Deficit for the year		**(1 448 495)**	**(51 910 240)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Revaluation reserve R	Accumulated deficit R	Total net assets R
Balance at 01 April 2021	93 620 566	43 078 252	136 698 818
Changes in net assets			
Deficit for the year	-	(51 910 240)	(51 910 240)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**(48 513 782)**	**(51 910 240)**
Opening balance as previously reported	90 224 108	(5 435 530)	84 788 578
Adjustments			
Prior year adjustments	-	(5 958 647)	(5 958 647)
Balance at 01 April 2022 as restated*	90 224 108	(11 394 177)	78 829 931
Changes in net assets			
Deficit for the year	-	(1 448 495)	(1 448 495)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**1 947 963**	**(1 448 495)**
Balance at 31 March 2023	**86 827 650**	**(9 446 214)**	**77 381 436**
Note(s)	10		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R	2022 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering of services		31 617 897	22 374 490
Government Grants		77 538 000	38 350 000
Interest received		237 663	713 660
		109 393 560	**61 438 150**
PAYMENTS			
Suppliers and Employee costs		(105 192 684)	(111 190 499)
Net cash flows from operating activities	21	**4 200 876**	**(49 752 349)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(293 713)	(421 545)
Net Increase / (decrease) in cash and cash equivalents		3 907 163	(50 173 894)
Cash and cash equivalents at the beginning of the year		4 628 846	54 802 742
Cash and cash equivalents at the end of the year	4	**8 536 009**	**4 628 846**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	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	6 960 796	-	6 960 796	34 528 983	27 568 187	32.1
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	40 538 000	37 000 000	77 538 000	77 538 000	-	32.2
Total revenue	**47 498 796**	**37 000 000**	**84 498 796**	**112 066 983**	**27 568 187**	
EXPENDITURE						
Personnel	(28 561 574)	(37 000 000)	(65 561 574)	(53 451 784)	12 109 790	32.3
Goods and services	(30 416 073)	-	(30 416 073)	(60 063 694)	(29 647 621)	32.4
Capital expenditure	(684 149)	-	(684 149)	(293 713)	390 436	32.5
Total expenditure	**(59 661 796)**	**(37 000 000)**	**(96 661 796)**	**(113 809 191)**	**(17 147 395)**	
Deficit before taxation	**(12 163 000)**	**-**	**(12 163 000)**	**(1 742 208)**	**10 420 792**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(12 163 000)**	**-**	**(12 163 000)**	**(1 742 208)**	**10 420 792**	

RECONCILIATION

BASIS DIFFERENCE	
Depreciation and amortisation	6 206 925
Accruals	3 078 537
Provisions	(307 675)
Debt impairment	(900 046)
Impairment loss	225 998
Actual Amount in the Statement of Financial Performance	**6 561 531**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

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

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

An allowance for stock to write stock down to the lower of cost or net realisable value. Management 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 impairedAdditional text

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 Land and Buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Plant and machinery	Straight line	25
Furniture and fixtures	Straight line	25
Motor vehicles	Straight line	15
Office equipment	Straight line	25
Computer equipment	Straight line	15
Domestic equipment	Straight line	25

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

IMMOVABLE ASSETS (LAND AND BUILDINGS)

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

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

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

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

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

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

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

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

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

LAND IS NOT DEPRECIATED.

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

Depreciation on buildings is charged to the Statement of Financial Performance.

ITEM	USEFUL LIFE
Buildings	20 years

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

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	8

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.

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

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

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

A financial asset is:

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

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

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

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

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

INITIAL RECOGNITION

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

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

1.9 LEASES

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

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

1.10 INVENTORIES

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

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

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

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

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

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

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

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

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

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

1.11 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 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 deficit.

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

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

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

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

MEASUREMENT

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

SALE OF GOODS

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

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

RENDERING OF SERVICES

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

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

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

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

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

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

RECOGNITION

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

MEASUREMENT

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

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

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

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

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.17 IRREGULAR EXPENDITURE

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

(a) this Act; or

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

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

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

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

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

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

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

1.18 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

MEASUREMENT

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

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

1.19 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

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

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

1.20 RELATED PARTIES

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

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

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

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

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

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

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

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

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

1.21 EVENTS AFTER REPORTING DATE

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. INVENTORIES

	2023 R	2022 R
Consumables	248 642	354 087

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	24 031 512	19 864 731
Allowance for impairment	(14 136 048)	(16 345 546)
Deposits	3 500	3 500
	9 898 964	**3 522 685**

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (14 136 048) as of 31 March 2023 (2022: R (16 345 546)).

The ageing of these receivables is as follows:

2 to 6 months	5 710 370	-
Over 6 months	8 425 678	16 345 546

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	16 345 546	16 976 991
Provision for impairment	(2 209 498)	(631 445)
	14 136 048	**16 345 546**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	11 911	3 070
Bank balances	8 392 207	3 106 365
Short-term deposits	131 891	1 519 411
	8 536 009	**4 628 846**

Cash and cash equivalents held by the entity that are not available for use by the economic entity.	10 548 986	6 389 027

The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust

5. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R
Land and Buildings	129 618 862	(52 005 482)	77 613 380	129 618 862	(46 429 516)	83 189 346
Machinery and Equipment	4 424 181	(1 382 916)	3 041 265	4 565 449	(1 269 874)	3 295 575
Office Furniture	4 825 198	(2 926 540)	1 898 658	4 910 820	(2 879 915)	2 030 905
Motor vehicles	3 081 093	(2 194 739)	886 354	3 127 993	(2 109 203)	1 018 790
Office equipment	567 620	(258 045)	309 575	571 787	(241 593)	330 194
Computer equipment	2 163 170	(857 859)	1 305 311	2 023 469	(800 806)	1 222 663
Domestic equipment	1 293 153	(492 554)	800 599	1 295 752	(450 378)	845 374
Total	**145 973 277**	**(60 118 135)**	**85 855 142**	**146 114 132**	**(54 181 285)**	**91 932 847**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

	Opening balance R	Additions R	Additions through donations R	Impairment loss R	Depreciation R	Total R
Land and Buildings	83 189 346				(5 575 966)	77 613 380
Machinery and Equipment	3 295 575	54 562	-	(136 968)	(171 904)	3 041 265
Office Furniture	2 030 905	1 496	31 702	(28 763)	(136 682)	1 898 658
Motor vehicles	1 018 790	-	-	(16 755)	(115 681)	886 354
Office equipment	330 194	1 957	-	(3 252)	(19 325)	309 574
Computer equipment	1 222 664	235 698	-	(39 698)	(113 352)	1 305 312
Domestic equipment	845 373	-	-	(563)	(44 211)	800 599
Total	**91 932 847**	**293 713**	**31 702**	**(225 999)**	**(6 177 121)**	**85 855 142**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	Opening balance R	Additions R	Addition s previously Disposals - Prior period error R	Additions - found on the floor - Prior period error R	Disposal at cost - Prior period error R	Disposal depreciation - Prior period error R	Depreciation effect - Assessment of useful life extension, disposal and additions - Prior period error R	Depreciation R	Total R
Land and Buildings	88 768 763	-	-	-	-	-	-	(5 579 417)	83 189 346
Machinery and Equipment	3 237 778	99 344	162 448	110 633	(477 147)	86 160	285 612	(209 253)	3 295 575
Office Furniture	2 124 285	17 941	248 044	32 284	(597 422)	360 577	74 770	(229 574)	2 030 905
Motor vehicles	1 129 532	-	-	-	-	-	153 745	(264 487)	1 018 790
Office equipment	264 754	-	76 914	26 872	(41 402)	23 232	2 942	(23 118)	330 194
Computer equipment	1 252 762	207 890	26 416	15 708	(396 796)	211 677	98 196	(193 189)	1 222 664
Domestic equipment	916 116	-	99 726	9 875	(185 645)	50 894	16 533	(62 126)	845 373
Total	**97 693 990**	**325 175**	**613 548**	**195 372**	**(1 698 412)**	**732 540**	**631 798**	**(6 561 164)**	**91 932 847**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

REVALUATIONS

The effective date of the revaluations was 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 MRTT.

Land and buildings are valued independently every 5 years.

BASIS OF VALUATION

COST APPROACH METHOD

In this approach, the valuer obtained a preliminary indication of the value of the property by estimating the value of the land and adding thereto the estimated production costs of the building and other improvements less depreciation. The estimated reproduction cost would relate to normal construction costs as at the date of valuation.

A uniform method was applied for the calculation of depreciation. The depreciation allowances are made up of two basic types namely: Physical Depreciation and Obsolescence (functional and economic).

OTHER INFORMATION	2023 R	2022 R
ASSETS UNDER INVESTIGATION BY MANAGEMENT		
Cost of the assets	1 698 412	-
Accumulated depreciation of the assets	(732 540)	-
Carrying value	**965 872**	**-**

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

Repairs and Maintenance	553 558	1 243 594

6. INTANGIBLE ASSETS

	2023			2022		
	Cost /Valuation R	Accumulated depreciationand accumulated amortisation R	Carrying value R	Cost /Valuation R	Accumulated depreciationand accumulated amortisation R	Carrying value R
Computer software	492 311	(339 432)	152 879	492 311	(309 629)	182 682

RECONCILIATION OF INTANGIBLE ASSETS - 2023	Opening balance R	Amortisation R	Total R
Computer software	182 682	(29 803)	152 879

RECONCILIATION OF INTANGIBLE ASSETS - 2022	Opening balance R	Additions R	Amortisation effect - Assessment of useful life extension - Prior period error R	Amortisation R	Total R
Computer software	104 827	96 370	81 401	(99 916)	182 682

7. INVESTMENTS IN CONTROLLED ENTITIES

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

MRTT is the holding company of Royal Hotel and holds 100% of shares in the subsidiary called MRTT Royal Hotel Pilgrims Rest (Pty) Ltd

8. LOANS TO (FROM) ECONOMIC ENTITIES

	2023 C	2022 R
CONTROLLED ENTITIES		
Royal Hotel	9 842 441	6 202 955
During the 2012/13 financial year the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MRTT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The intercompany account is the balance as at the end of the financial year.The balance in the current year is R11 151 893 and in the prior year was R9 842 441		
Current Year transactions	1 309 452	3 639 486
Impairment of balance at 100%	(11 151 893)	(9 842 441)
	-	-

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.

The total economic entity contribution to such schemes	6 907 930	7 550 578
The amount recognised as an expense for defined contribution plans is	6 907 930	7 550 578

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.

	2023 R	2022 R
Opening balance	90 224 108	93 620 566
Realisation of revaluation surplus	(3 396 458)	(3 396 458)
	86 827 650	**90 224 108**

11. PROVISIONS

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

RECONCILIATION OF PROVISIONS - 2022	Opening balance R	Utilised during the year R	Reversed during the year R	Total R
Leave days	4 118 681	(583 578)	338 288	3 873 391
Bonus	1 758 189	(63 417)	(107 802)	1 586 970
	5 876 870	**(646 995)**	**230 486**	**5 460 361**

EMPLOYEE BENEFIT COST PROVISION

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

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

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

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade payables	16 791 239	9 783 739
Accruals	3 078 537	1 371 544
Income received in advance	2 223 849	5 175 672
	22 093 625	**16 330 955**

The Trade payables amount disclosed in Note 12 includes amounts that are owed to the subsidiary (Mpumalanga Innovation and Skills Hub).

The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust.

The balance in the current year is R10 548 986.

The balance in the prior year is R6 389 027.

13. REVENUE

Rendering of services	34 291 219	24 172 447
Interest received	237 664	713 660
Bad debts recovered	100	12 574
Government grants & subsidies	77 538 000	38 350 000
	112 066 983	**63 248 681**

The amount included in revenue arising from Rendering of Services is as follows:

Project Income	27 058 402	-
Hotel Income	1 325 927	-
Tuition fees	4 741 579	-
Other Income	1 165 311	-
	34 291 219	**-**

14. GOVERNMENT GRANTS AND SUBSIDIES

OPERATING GRANTS

Government grant	60 033 000	22 062 000
Comprehensive Rural Development Programme	9 958 000	9 059 000
National Youth Service	7 547 000	7 229 000
	77 538 000	**38 350 000**

15. PERSONNEL

Net pay	36 040 276	39 164 454
Medical aid	735 340	777 217
UIF	513 144	509 478
SDL	457 244	488 964
PAYE	8 493 143	11 312 344
Provident and pension fund	6 907 930	7 550 578
Phone Allowances	304 707	345 268
	53 451 784	**60 148 303**

16. ADMINISTRATIVE EXPENDITURE

	2023 R	2022 R
Rates and Taxes	1 765 640	1 482 255
Communication	3 854 258	2 197 276
Insurance	117 828	581 686
Motor fleet	1 004 207	994 091
Leases	973 936	449 050
Security	3 694 452	2 665 452
Rent	746 566	1 493 132
Printing and Stationery	92 833	70 368
Repairs and Maintenance	27 944	37 976
Other administrative	935 161	855 010
	13 212 825	**10 826 296**

17. DEBT IMPAIRMENT

Debt impairment	(900 046)	3 008 041

The debt impairment disclosed above relates to the Inter Company Account between MRTT and the subsidiary entity Royal Hotel. The balance as at year end has been impaired at 100% since the subsidiary is undergoing a liquidation process. Note 8 and 3 provides more information in regards to the impairment. The assessment of trade debtors resulted in a decrease of the impairment amount from the previous financial year of R2 209 498. The impairment of the inter-company account in the current year was an increase of R1 309 452 resulting in the decrease in impairment of R900 046 as disclosed in the AFS.

18. OPERATING EXPENSES

Auditors remuneration	9 848 065	3 992 651
Bank charges	343 715	291 920
Professional fees	764 247	2 331 364
Food and Beverage	473 753	279 882
Accommodation	283 340	400 785
Skills development training	144 968	117 373
Marketing	84 737	305 202
Pest control	14 748	2 559
Work placement	138 210	468 353
Printing and stationery	1 081 216	663 784
Learner Protective clothing	414 325	1 170 678
Training Material	9 519 988	4 937 249
Subsistence and Travel	2 503 226	2 015 218
Hotel Rates, water and electricity	916 401	987 917
Stipends	3 805 052	5 269 313
Staff Appointment and recruitment	143 362	237 635
Learner Toolboxes	302 283	266 347
Production - Construction	2 948 512	3 274 762
Training Centres and Hotel repairs and maintenance	525 614	1 205 663
Directors expenses	4 283 167	3 486 231
Hotel Security	995 072	1 245 455
Hotel operating expenses	1 374 265	1 121 945
Training centre operating expenses	27 084	15 576
Corporate services operating expenses	382 642	427 340
	41 317 992	**34 515 202**

19. AUDITOR'S REMUNERATION

	2023 R	2022 R
External audit fees	8 918 095	3 319 517
Internal audit fees	929 970	673 134
	9 848 065	**3 992 651**

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

	2023 R	2022 R
Deficit	(1 448 495)	(51 910 240)
Adjustments for:		
Depreciation and amortisation	6 206 925	6 661 079
Revenue from donated assets	(31 703)	-
Impairment deficit	225 998	-
Debt impairment	(900 046)	3 008 041
Movements in provisions	(243 686)	(416 509)
Changes in working capital:		
Inventories	105 445	36 906
Receivables from exchange transactions	(4 166 781)	(1 810 532)
Inter company	(1 309 452)	(2 054 376)
Payables from exchange transactions	5 762 671	(3 266 718)
	4 200 876	**(49 752 349)**

22. COMMITMENTS

APPROVED AND AUTHORISED COMMITMENTS

	2023 R	2022 R
Already contracted for:		
• Committments	9 535 480	16 206 320

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

OPERATING LEASES - AS LESSEE (EXPENSE)

	2023 R	2022 R
• within one year	-	1 278 702

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

23. CONTINGENCIES

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.

24. RELATED PARTIES

RELATIONSHIPS

Members	Refer to members' report note
Ultimate controlling entity	Department of Education - Mpumalanga
Controlled entity	MRTT Royal Hotel Pilgrims Rest (Pty) Ltd 7
Controlled entity	Mpumalanga Innovation and Skills Hub NPC
Members of key management	Executive Management (Note 25)

RELATED PARTY BALANCES

	2023 R	2022 R
INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL		
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	11 151 893	9 842 441
Impairment of the balance - 100%	(11 151 893)	(9 842 441)
INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL		
Department of Education	9 936 575	4 859 524
Impairment of the balance	(93 668)	(4 859 524)
PAYABLES WITH RELATED PARTIES - MISH		
Mpumalanga Innovation and Skills Hub	10 548 986	6 389 027

RELATED PARTY TRANSACTIONS

	2023 R	2022 R
RELATED PARTY TRANSACTIONS		
Department of Education	17 335 421	17 009 384
RECEIPTS FROM RELATED PARTIES		
Department of Education - MRTT allocation	77 538 000	38 350 000
Department of Education - MISH allocation	12 163 000	11 650 000

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE

2023	Members' fees R	Total R
PP Maoko - Chairperson of the Board of Directors	585 919	585 919
TR Mokgoshi	419 413	419 413
BM Singwane	234 966	234 966
B Sibanyoni	783 504	783 504
MI Tibane	633 365	633 365
LM Motshwane	459 685	459 685
HH Nkanyane	638 176	638 176
	3 755 028	**3 755 028**

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

EXECUTIVE 2023	Members' fees R	Total R
PP Maoko - Chairperson of the Board of Directors	585 919	585 919
TR Mokgoshi	419 413	419 413
BM Singwane	234 966	234 966
B Sibanyoni	783 504	783 504
MI Tibane	633 365	633 365
LM Motshwane	459 685	459 685
HH Nkanyane	638 176	638 176
	3 755 028	**3 755 028**

EXECUTIVE 2022	Members' fees R	Total R
PP Maoko - Chairperson of the Board of Directors	470 140	470 140
TR Mokgoshi	395 676	395 676
BM Singwane	377 533	377 533
B Sibanyoni	564 400	564 400
MI Tibane	507 351	507 351
LM Motshwane	153 640	153 640
HH Nkanyane	202 191	202 191
TE Mawelele - Resigned February 2022	218 972	218 972
	2 889 903	**2 889 903**

EXECUTIVE MANAGEMENT 2023	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
FW Magwandana Acting Chief Executive Officer (Appointed 1 September 2022)	896 046	130 197	155 760	1 182 003
MS Makgoba - Acting Chief Executive Officer (Resigned 3 August 2022)	444 234	277 170	84 348	805 752
MG Jafta - Chief Financial Officer	1 422 172	52 481	244 722	1 719 375
ZL Khoza - Acting General Manager Technical Training	1 037 206	158 129	125 287	1 320 622
B Hlatshwayo - Acting General Manager Hospitality and Tourism Academy	775 127	153 333	135 315	1 063 775
S Shungube - Acting General Manager Corporate Services	444 132	141 986	79 348	665 466
	5 018 917	**913 296**	**824 780**	**6 756 993**

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

2022	Settlement amount* R	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
MS Makgoba - Acting Chief Executive Officer (from 17 December 2020)	-	1 301 888	327 720	168 868	1 798 476
R Oosthuizen - Chief Executive Officer (Contract terminated 30 October 2021)	2 721 238	820 613	200 580	98 448	3 840 879
MG Jafta - Chief Financial Officer	-	1 404 700	66 323	168 868	1 639 891
ZL Khoza - Acting General Manager Technical Training Operations	-	1 024 464	168 223	123 717	1 316 404
B Hlatshwayo - Acting General Manager Hospitality and Tourism Academy	-	765 604	157 847	133 591	1 057 042
S Shungube - Acting General Manager Corporate Services (from 23 February 2021)	-	438 312	144 399	54 115	636 826
	2 721 238	**5 755 581**	**1 065 092**	**747 607**	**10 289 518**

* The settlement amount paid to the former CEO Mr R Oosthuzen was as a result of the Accounting Authority resolution. The payment is for the duration of the remaining contract term of the CEO as a result of a disciplinary hearing settlement.

The Accounting Authority in applying their minds and wisdom decided to settle so as to avoid a protacted and long drawn disciplinary process. The disciplinary process would have been a costly process as the CEO was on paid suspension and the cost of legal fees was going to cost the entity more funds at the end of the process.

26. CHANGE IN ESTIMATE

PROPERTY PLANT AND EQUIPMENT

The useful life of the following classes of Property Plant and Equipment were revised based on a 100% physical verification, assessment of useful lives and residual values as well as conditional assessment of all assets. The results of the exercise resulted in management revising the estimate of the useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles, software to be revised upwards by 5 years

More information on the impact of the change in the estimate is presented in the Prior Period note as the exercise of assessment of useful life included physical verfication of all assets, disposal of assets

27. PRIOR PERIOD ERRORS

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

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

27. PRIOR PERIOD ERRORS (CONTINUED)

The results of the exercise resulted in management revising the estimate of the useful life of Plant and machinery, Furniture and fixtures, Office equipment, Computer equipment, Domestic equipment and Motor vehicles, software to be revised upwards by 5 years

The effect of the correction of the error on the results of the 2023 and the preciding financial year ie 2022. The errors were only possible to be corrected from the 1st of April 2021 and hence the AFS for that financial have been restated

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

Property Plant and Equipment balance as at 31 March 2022 -	R91 458 001
Property Plant and Equipment balances after change in estimates -	R91 932 847
Adjustments in the balance of PPE -	**R474 846**

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	2023 R	2022 R
Property, plant and equipment	-	474 846
Opening Accumulated Surplus or Deficit	-	474 846

28. RISK MANAGEMENT

LIQUIDITY RISK

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

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

AT 31 MARCH 2023	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Trade and other payables	22 093 625	-	-	-
Provisions	5 216 675	-	-	-

AT 31 MARCH 2022	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	16 330 955	-	-	-
Provisions	5 460 361	-	-	-

28. RISK MANAGEMENT (CONTINUED)

CREDIT RISK

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

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

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

FINANCIAL INSTRUMENT	2023 R	2022 R
Cash and Cash equivalents	8 536 009	4 628 846
• Current	9 907 957	1 799 208
• 30 days	-	110 857
• 60 days	4 462 266	6 439
• 90 - 120 days	1 159 816	(13 524)
+ 150 days	8 501 473	17 961 751
Total receivables from exchange transactions	24 031 512	19 864 731
Inter Company account - Royal Hotel	11 151 893	9 842 441

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

PRICE RISK

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

29. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity had an accumulated deficit of R (9 446 214) and that the MRTT's current liabilities exceed its current assets by R 8 626 685. The total assets however exceed the liabilities by R77 381 436 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2022 and March 2023 for the year under review, the entity has losses for 2 consecutive years (2022 - R51 910 24 and 2023 - R1 448 495).

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

29. GOING CONCERN (CONTINUED)

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

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

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2023/24.

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

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

30. IRREGULAR EXPENDITURE

	2023 R	2022 R
Irregular Expenditure - current year	27 747 843	73 710 694

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

The irregular expenditure is due to an extension of 3 key contracts during the 2016-17 financial year. The extension of the 3 contracts by MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals and training was not disturbed	751 750
Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17	1 739 730
Extension of contracts	1 177 078
Local content	595 480
Budget overspend	23 483 805
	27 747 843

31. SEGMENT INFORMATION

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

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

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

31. SEGMENT INFORMATION (CONTINUED)

TYPES OF GOODS AND/OR SERVICES BY SEGMENT

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

Reportable segment	Goods and/or services
Hospitality and Tourism Academy	Skills development in Hospitality and Tourism trades. Offers accomodation, conference facilities, food and beverage services
Technical Training Operations	Skills development in technical trades in welding, agriculture, electrical, spray painting,panel beating, construction
Corporate Services	Corporate services in Finance, Human Resources, Supply Chain, Quality Assurance, Marketing

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

2022

REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	26 288 000	12 062 000	38 350 000
Revenue from exchange transactions	1 146 968	22 500 379	908 475	24 555 822
Total segment revenue	**1 146 968**	**48 788 379**	**12 970 475**	**62 905 822**
Entity's revenue				**62 905 822**
EXPENDITURE				
Administration	-	-	10 826 297	10 826 297
Operating expenses	5 645 763	16 833 392	12 036 046	34 515 201
Personnel	-	-	60 148 303	60 148 303
Debt impairment	-	-	3 008 041	3 008 041
Total segment expenditure	**5 645 763**	**16 833 392**	**86 018 687**	**108 497 842**
Total segmental deficit				**(45 592 020)**
ASSETS				
Inventories	34 238	-	319 848	354 086
Property plant and equipment	-	-	91 458 001	91 458 001
Cash and cash equivalents	2 927 618	-	1 701 228	4 628 846
Total segment assets	**2 961 856**	**-**	**93 479 077**	**96 440 933**
Receivables from exchange transactions				3 522 685
Investments in controlled entities				100
Intangible assets				101 281
Total assets as per Statement of Financial Position				**100 064 999**
LIABILITIES				
Payables				16 330 954
Provisions				5 460 361
Revaluation reserves				90 224 108
Accumulated surplus				(11 950 424)
Total liabilities as per Statement of Financial Position				**100 064 999**

31. SEGMENT INFORMATION (CONTINUED)

2023

REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	27 945 000	49 593 000	77 538 000
Revenue from exchange transactions	2 715 906	30 410 094	1 165 311	34 291 311
Interest revenue	-	-	237 664	237 664
Total segment revenue	**-**	**58 355 094**	**50 945 475**	**112 066 975**
Entity's revenue	**2 715 906**	**58 355 094**	**50 945 475**	**112 066 975**
EXPENDITURE				
Administrative	-	-	13 212 825	13 212 825
Operating expenses	4 830 024	19 394 099	17 093 858	41 317 981
Personnel	-	-	53 451 785	53 451 785
Debt impairment	-	-	(900 046)	(900 046)
Impairment loss	-	-	225 999	225 999
Depreciation and amortisation	-	-	6 206 926	6 206 926
Total segment expenditure	**4 830 024**	**19 394 099**	**89 291 347**	**113 515 470**
Total segmental deficit				**(1 448 495)**
ASSETS				
Inventories	36 790	-	211 852	248 642
Property plant and equipment	-	-	85 855 142	85 855 142
Cash and cash equivalents	596 059	-	7 939 950	8 536 009
Total segment assets	**632 849**	**-**	**94 006 944**	**94 639 793**
Receivables from exchange transactions				9 898 964
Investments in controlled entities				100
Intangible assets				152 879
Total assets as per Statement of Financial Position				**104 691 736**
LIABILITIES				
Payables				22 093 625
Provisions				5 216 675
Revaluation reserves				86 827 650
Accumulated surplus				(9 446 214)
Total segment liabilities				**104 691 736**
Total liabilities as per Statement of financial Position				**104 691 736**

Measurement of segment surplus or deficit, assets and liabilities.

32. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023

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 2023 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis

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

32.1 The favourable variance is due to the entity receiving more Department of Education projects that were awarded to the Technical and Training Operations in the financial year than originally anticipated.

32.2 There is no variance as 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 the budget adjustment by the DoE in December 2022 and March 2023 for an amount of R37 million.

32.4 The unfavourable variance is due to the fact that there was expenditure in relation to the various projects that the entity undertook in the year under review.

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

PART F

Consolidated Annual Financial Statements for

MPUMALANGA REGIONAL TRAINING TRUST (NPC), MRTT ROYAL HOTEL PILGRIMS REST (PTY) LTD, AND MPUMALANGA INNOVATION AND SKILLS HUB

FOR THE YEAR ENDED 31 MARCH 2023

GENERAL INFORMATION

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

DIRECTORS RESPONSIBILITIES 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 2023 as set out on pages 128 to 154 on 30 May 2023 which were signed on its behalf by –

PP Maoko
Chairperson of the Board of Directors

FW Magwandana
Acting Chief Executive Officer

REPORT OF THE AUDITOR-GENERAL

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

QUALIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS AND DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. I was engaged to audit the consolidated financial statements and separate financial statements for of the Mpumalanga Regional Training Trust and its subsidiary (the group) set out on pages128 to 154, which comprise the consolidated and separate statement of financial position as 31 March 2023, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for the qualified opinion section of this report, the separate financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

3. 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 ROYAL HOTEL (PTY) LTD (SUBSIDIARY)

4. I was unable to obtain sufficient appropriate audit evidence regarding the consolidated financial statements as a whole, as the consolidated financial statements were presented for audit purposes without audited financial statements for Royal Hotel (Pty) Ltd. 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.

PROPERTY, PLANT AND EQUIPMENT

5. The separate financial statements of Mpumalanga Regional Training Trust were misstated as the entity did not assess the useful lives of assets in accordance with GRAP 17, Property, plant and equipment. A general rate was applied for all classes of property, plant and equipment, without considering the condition of the assets (including Rnil- and R1-value assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant and equipment, stated at R95,3 million (2021-22: R91,5 million), and the depreciation and amortisation expense stated at R6,2 million (2021-22: R6,7 million) in the consolidated financial statements, as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

6. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the entity did not subsequently measure all items of property, plant and equipment, in accordance with GRAP 17, Property, plant and equipment. I was unable to determine the impact on the depreciation amount and the net carrying amount of property, plant and equipment as it was impracticable to do so.

7. In addition, sufficient and appropriate evidence could not be provided to support the balance of land recorded on the financial statements of the Mpumalanga Innovation and Skills Hub. Furthermore, this amount was not recorded in the fixed asset register and I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the land and buildings balance stated at R85,7 million in note 5 to the consolidated financial statements.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

8. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as I was unable to obtain sufficient appropriate audit evidence on receivables from non-exchange transactions, as I was not provided with adequate supporting evidence for the opening balance as well as the movements during the year. I was unable to confirm the balance of receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the receivables stated at Rnil (2022: Rnil) in note 3 to the consolidated financial statements. Additionally, there was an impact on the risk management disclosure in note 23 to the consolidated financial statements.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

9. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as I was unable to obtain sufficient appropriate audit evidence for the grant income amount disclosed for the comparative year, as I was not provided with audit evidence for the comparative amount. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the comparative amount for revenue from non-exchange stated at R50,0 million in note 1 to the consolidated financial statements.

10. In addition, I was unable to obtain sufficient appropriate audit evidence on the donations in kind received during the financial year. Renovations were made to property occupied by the Mpumalanga Innovation and Skills Hub in the form of a donation and this was not disclosed in the annual financial statements of the subsidiary. I was unable to confirm the amount of the donation by alternative means due to the non-disclosure. I was not able to determine the full extent of the errors in revenue from non-exchange, as it was impracticable to do so.

STATEMENT OF CHANGES IN NET ASSETS

11. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as I was unable to obtain sufficient appropriate audit evidence for the statement of changes in net assets. I was not provided with adequate supporting documentation for the opening balance of the accumulated surplus presented and disclosed in the statement. In addition, the current year amount recorded on the financial statement did not agree with the underlying accounting records. I was unable to confirm the opening balance for accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the accumulated surplus stated at R8,3 million (2022: -R14,1 million) in the consolidated financial statements.

CASH FLOWS STATEMENT – NET CASH FLOWS FROM INVESTING, FINANCING ACTIVITIES AND RECONCILIATION OF CASH AND CASH EQUIVALENTS

12. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the entity did not have adequate processes in place to ensure that the Cash flow statements is prepared in accordance with the requirements of GRAP 2, Cash flow statements. This was due to the incomplete presentation and disclosure of cash flow statement. I was not able to determine the full extent of the errors the cash flows statement, Consequently, I was unable to determine whether any adjustments were necessary to in the following elements of the cash flow statement

    - Net cash flows from investing activities
    - Net cash flows from financing activities and
    - Reconciliation of cash and cash equivalents

RELATED PARTY DISCLOSURES

13. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the entity is part of a group of entities and has related party transactions with the parent entity in the group. Contrary to the requirements of GRAP 20, Related party disclosures, related party relationships with other entities, or the transactions and balances with these parties were not disclosed in the accompanying financial statements for the current and prior year. I was not able to determine the full extent of the errors in the related parties' disclosure, as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the

MRTT

remuneration of management included to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustments where necessary to the related part disclosure in the consolidated financial statements were required.

IRREGULAR EXPENDITURE

14. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the irregular expenditure incurred during the current financial year under audit and the related information on irregular expenditure was not included in the notes to the financial statements, as required by section 53(4) of the Public Finance Management Act 1 of 1999 (PFMA). Expenditure was incurred without an approved budget, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

OTHER OPERATING EXPENSES – PROFESSIONAL FEES

15. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the entity did not recognise some expenditures in accordance with GRAP 1, Presentation of financial statements. Some of the invoices of consulting and professional fees relating to services that were received in the prior year were recorded as the current financial year's transactions, resulting in consulting and professional fees expenditure being overstated by R3,2 million (2022: R3,2 million understated) and the comparative consulting and professional fees and payables from exchange transaction are understated by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

16. In addition, the financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as I was unable to obtain sufficient appropriate audit evidence for the corresponding figure for consulting and professional fees as sufficient, appropriate audit evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the other operating expenses – professional fees comparative amount stated at R4,9 million in note 4.3 to the consolidated financial statements

REVENUE FROM EXCHANGE TRANSACTIONS

17. The financial statements of Mpumalanga Innovation and Skills Hub were materially misstated as the donation income was not classified as revenue from non-exchange as required by GRAP 23, Revenue from non-exchange transactions. The entity received a donation in the current financial year which was classified as revenue from exchange transactions. Consequently, revenue from exchange transactions is overstated by R1,37 million and revenue from non-exchange by the same amount.

EMPHASIS OF MATTERS

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

19. Note 29 to the separate financial statements indicates that the entity incurred an accumulated deficit of 9,4 million during the year ended 31 March 2023 and, as of that date, its current liabilities exceeded its total current assets by R8,6 million. As stated in note 29, these events or conditions, along with other matters as set forth in note 29, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

OTHER MATTER

20. I draw attention to the matter below. My opinion is not modified in respect of this matter. National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

21. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 20 to the financial statements of Mpumalanga Regional Training Trust consolidated entity. Movements in respect of irregular expenditure and fruitless and wasteful

expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

22. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of Generally recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

23. 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 CONSOLIDATED FINANCIAL STATEMENTS

24. 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 International Standards on Auditing (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.

25. 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

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

27. I selected the following indicators presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant community or public interest.

    - Number of learners to receive training in SAQA registered learning programmes in culinary studies
    - Number of learners to receive training in SAQA registered learning programmes in hospitality studies
    - Number of learners to receive customised training
    - Number of learners to receive coaching and mentoring in the workplace
    - Number of learners to receive coaching and mentoring in the workplace
    - Number of learners to receive coaching and mentoring in the workplace (Food and beverage)
    - Number of learners to receive accredited or customized institutional and continuing training
    - Number of candidates on RLP and trade testing
    - Number of learners trained on learnership and apprenticeship towards 21st century artisan development
    - Number of learners targeted for workplace opportunities and incubation programme
    - Number of learners receiving accredited training through the skills programme
    - Number of learners coached and mentored in the workplace

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

29. I performed procedures to test whether:

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

30. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

31. I did not identify any material findings on the reported performance information of the selected indicators.

ACHIEVEMENT OF PLANNED TARGETS

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

MATERIAL MISSTATEMENTS

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON COMPLIANCE WITH LEGISLATION

34. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

35. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

36. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

37. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

38. 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. Material misstatements of receivables, provisions, intercompany loan, expenditure, risk management, related parties and irregular expenditure identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

39. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R24 079 285, as disclosed in note 30 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by overspending on the budget.

40. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4).

REVENUE MANAGEMENT

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

PROCUREMENT AND CONTRACT MANAGEMENT

42. Some commodities designated for local content and production were procured from suppliers that did not submit a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015-16.

43. Some commodities designated for local content and production were procured from suppliers that did not meet the prescribed minimum threshold for local production and content, as required by preferential procurement regulation 8(5) of 2017. Similar non-compliance was also reported in the previous year.

44. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts had been approved by a properly delegated official, as required by section 44 of the PFMA and treasury regulations 8.2.1 and 8.2.2. A similar limitation was also reported in the previous year.

OTHER INFORMATION IN THE ANNUAL REPORT

45. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements and the auditor's report.

46. My opinion on the financial statements, and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

48. 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

49. I considered internal control relevant to my audit of the financial statements, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of and the material findings on compliance with legislation included in this report.

51. The accounting authority did not exercise oversight regarding financial and compliance as well as related internal controls.

52. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.

53. Leadership developed a plan to address internal and external audit findings, however the appropriate level of management did not monitor adherence to the plan in a timely manner which resulted in repeat material findings occurring in the current year.

MATERIAL IRREGULARITIES

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

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS ON COVID-19 PROCUREMENT

55. I identified a material irregularity during the previous year's audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the accounting authority's responses. This material irregularity will be reported on further in next year's auditor's report.

Auditor - General

Mbombela
30 September 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity 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.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b);38(1)(c);38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A3.1 ; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a); 16A 6.3(a)(i);16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f). Treasury regulation 17.1.1 Treasury regulation 18.2 Treasury regulation 19.8.
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a);4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6

MRTT

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

MRTT

REPORT OF THE ACCOUNTING AUTHORITY

The accounting authority has pleasure in presenting its report for the year ended 31 March 2022.

1. REVIEW OF ACTIVITIES

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

1. The company is engaged in skills development and operates principally in South Africa - Mpumalanga Province
2. Hospitality in Pilgrims Rest

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

Surplus 2023:	R2 833 307
Deficit 2022:	R48 902 329

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:

- PP Maoko
- TR Mokgoshi
- B Sibanyoni
- MI Tibane
- BM Singwane
- HH Nkanyane
- LM Motshwane
- 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 Route N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
Postal address	Private Bag X7288 Emalahleni 1035

6. AUDITORS

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

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

		GROUP		COMPANY	
	Note(s)	2023 R	2022 R	2023 R	2022 R
REVENUE					
Revenue from non-exchange transactions	1	89 701 000	50 000 000	77 538 000	38 350 000
Revenue from exchange transactions	2	37 529 822	27 421 087	34 528 883	24 886 107
Other Income	3	100	12 574	100	12 574
Total revenue		**127 230 922**	**77 433 661**	**112 066 983**	**63 248 681**
EXPENSES	4				
Personnel	4.1	55 376 052	60 874 773	53 451 784	60 148 303
Administrative	4.2	13 212 825	10 826 296	13 212 825	10 826 296
Other operating expenses	4.3	50 246 766	44 965 801	41 317 992	34 515 202
Depreciation and amortisation expense	5&6	6 236 020	6 661 079	6 206 925	6 661 079
Impairment loss/ Reversal of impairments		225 998	-	225 998	
Debt impairment		(900 046)	3 008 041	-900 046	3 008 041
Total expenses		**124 397 615**	**126 335 990**	**113 515 478**	**115 158 921**
Profit / (Loss)for the period		**2 833 307**	**(48 902 329)**	**(1 448 495)**	**(51 910 240)**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		GROUP		COMPANY	
	Note(s)	2023 R	2022 R	2023 R	2022 R
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	95 292 600	91 458 001	85 855 142	91 458 001
Intangible assets	6	152 879	101 281	152 879	101 281
Inter Company account - Royal Hotel	21	0	0	0	0
Deferred tax		0	0	0	0
Investment in Subsidiary		0	0	100	100
		95 445 479	**91 559 282**	**86 008 121**	**91 559 382**
CURRENT ASSETS					
Cash and cash equivalents	7	8 831 438	4 762 899	8 536 009	4 628 846
Property plant and equipment (Liquidation)		90 755	90 755	0	0
Deferred tax		0	0	0	0
Receivables from exchange transactions	8	9 898 964	3 522 685	9 898 964	3 522 685
Receivables from non-exchange transactions	9	0	0	0	0
Inventories	10	395 838	465 805	248 642	354 086
Prepayments		0	0	0	0
		19 216 995	**8 842 144**	**18 683 615**	**8 505 617**
Total Assets		**114 662 474**	**100 401 426**	**104 691 736**	**100 064 999**
LIABILITIES					
NON-CURRENT LIABILITIES					
Operating lease liability		0	0	0	0
CURRENT LIABILITIES					
Payables from exchange transactions	11	14 087 088	18 776 829	22 093 625	16 330 954
Operating lease liability		223 856	0	0	0
Provisions	12	5 216 675	5 460 361	5 216 675	5 460 361
Total Liabilities		**19 527 619**	**24 237 190**	**27 310 300**	**21 791 315**
NET ASSETS					
Accumulated surplus		8 307 205	-14 059 872	-9 446 214	-11 950 424
Reserves	27	86 827 650	90 224 108	86 827 650	90 224 108
		95 134 855	**76 164 236**	**77 381 436**	**78 273 684**
Total liabilities and reserves		**114 662 474**	**100 401 426**	**104 691 736**	**100 064 999**

GROUP STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 1 April 2021	27	**93 620 566**	**43 078 252**	**136 698 818**
Loss for the year		-	(51 910 240)	(51 910 240)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
		-	**(5 958 647)**	**(5 958 647)**
Balance as at 1 April 2022		**90 224 108**	**(11 394 177)**	**78 829 931**
Loss for the year		-	(1 448 495)	(1 448 495)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Balance as at 31 March 2023		**86 827 650**	**(9 446 214)**	**77 381 436**

MRTT STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 1 April 2021	27	**93 620 566**	**46 182 136**	**139 802 702**
Loss for the year		-	(48 902 329)	(48 902 329)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
		-	**1 401 175**	**1 401 175**
Balance as at 1 April 2022		**90 224 108**	**2 077 440**	**92 301 548**
Loss for the year		-	2 833 307	2 833 307
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Balance as at 31 March 2023		**86 827 650**	**8 307 205**	**95 134 855**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

		GROUP		COMPANY	
	Note(s)	2023 R	2022 R	2023 R	2022 R
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM STAKEHOLDERS					
Cash receipts from government entities (Transfers)		89 701 000	38 350 000	77 538 000	38 350 000
Cash receipts from own generated income		31 617 897	22 374 490	31 617 897	22 374 490
Interest received		237 664	713 660	237 664	713 660
Other cash items		64 301	64 301	-	-
Cash paid to stakeholders					
Personnel and Suppliers		(117 258 610)	(111 190 499)	(105 192 684)	(111 190 499)
Net cash flows from operating activities	13	**4 362 252**	**(49 688 048)**	**4 200 877**	**(49 752 349)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(293 713)	(421 545)	(293 713)	(421 545)
Proceeds from disposal of fixed assest		-	-	-	-
Net cash flows from investing activities		**(293 713)**	**(421 545)**	**(293 713)**	**(421 545)**
CASHFLOWS FROM FINANCING ACTIVITIES					
MOVEMENT OF INTERCOMPANY ACCOUNT - MRTT					
Net cash flow from financing activities		-	-		
Net increase / (decrease) in cash and cash equivalents		**4 068 539**	**(50 109 595)**	**3 907 163**	**(50 173 896)**
Cash and cash equivalents at beginning of the year	7	4 762 899	54 872 494	4 628 846	54 802 742
Cash and cash equivalents at end of period	7	**8 831 438**	**4 762 899**	**8 536 009**	**4 628 846**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note(s)
RECEIPTS				
Transfers from other government entities	77 538 000	77 538 000	-	25.1
Revenue from exchange tranactions	6 960 796	34 528 983	27 568 187	25.2
Total receipts	**84 498 796**	**112 066 983**	**27 568 187**	
PAYMENTS				
Personnel	65 561 574	53 451 784	12 109 790	25.3
Goods and services	30 416 073	60 063 694	(29 647 621)	25.4
Capital Expenditure	684 149	293 713	390 436	25.5
Total payments	**96 661 796**	**113 809 191**	**(17 147 395)**	
NET RECEIPTS	**(12 163 000)**	**(1 742 208)**	**44 715 582**	

RECONCILIATION	
Basis difference	
Depreciation and amortisation	6 206 925
Accruals	3 078 537
Provisions	-307 675
Debt impairment	-900 046
Impairment loss	225 998
Actual Amount in the Statement of Financial Performance excluding the non cash items	**6 561 531**

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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 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.

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.

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

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

OFFSET OF FINANCIAL ASSETS AND LIABILITIES

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

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

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

RISKS AND EXPOSURE ARE DISCLOSED AS FOLLOWS

CREDIT RISK

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

LIQUIDITY RISK

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

INTEREST RISK

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

Market risk 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.

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	15 years
Office equipment	25 years
Office furniture	25 years
Domestic equipment	25 years
Computer equipment	15 years

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

DE-RECOGNITION

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

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

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

IMMOVABLE ASSETS

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

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

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

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

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

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

USEFUL LIFE

Buildings	20 years

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 8 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

3.12 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

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

3.13 RELATED PARTY TRANSACTIONS

The Mpumalanga Regional Training Trust constitutes part of the provincial government in terms of the Public Finance Management Act (Act no. 1 of 1999).

In terms of IPSA 20 Related party means parties are considered to be related if one party has the ability to:

(a) control the other party, or

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

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

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

  (c) Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;

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

  (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The following are deemed not to be related: [IPSAS .12]

- In the context of this Standard, the following are deemed not to be related parties:
  - (a) (I) Providers of finance in the course of their business in that regard; and
  - (ii) Trade unions;
- in the course of their normal dealings with an entity by virtue only
- of those dealings (although they may circumscribe the freedom of
- action of an entity or participate in its decision-making process); and

3.14 INVESTMENTS IN SUBSIDIARIES

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

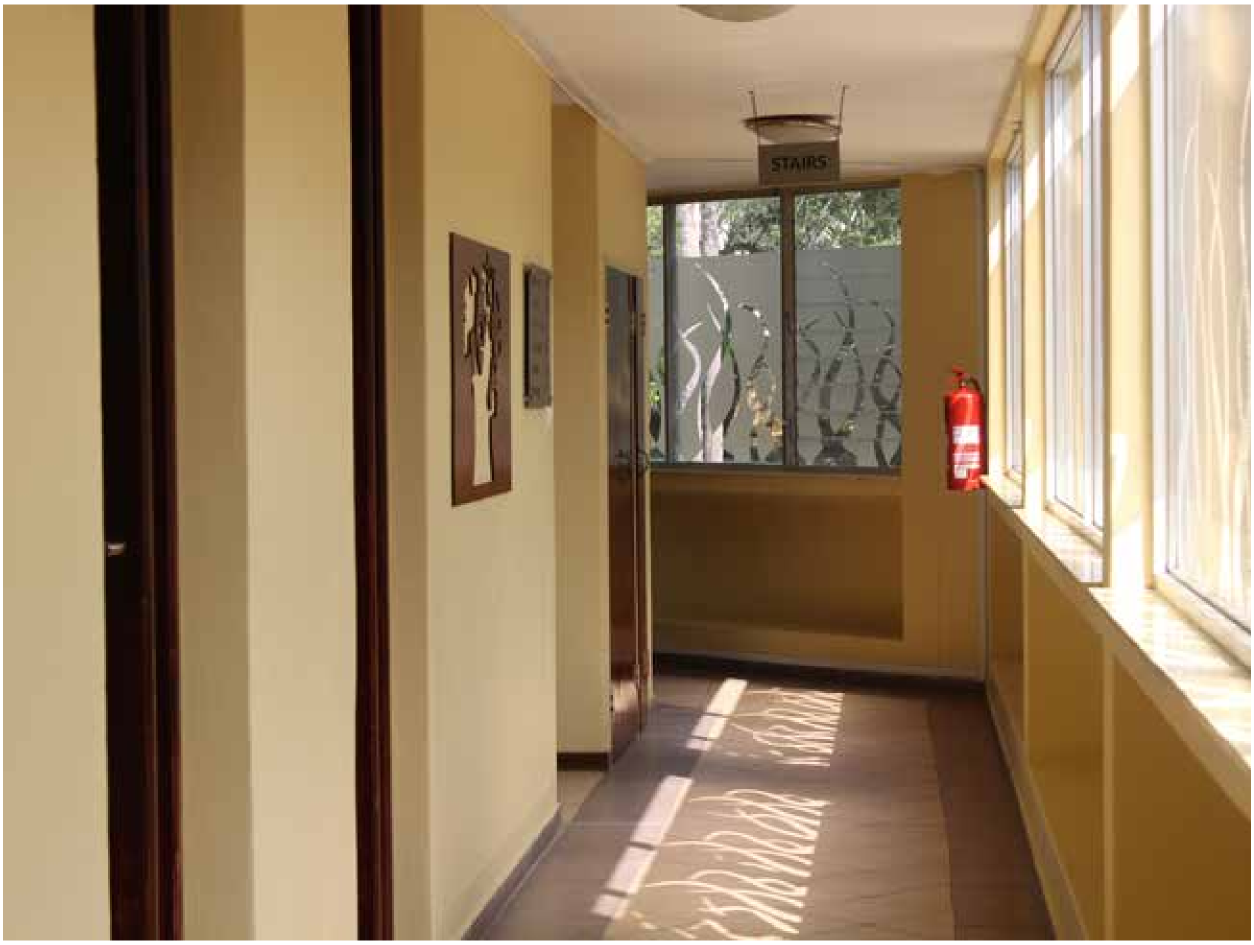
3.15 PRIOR PERIOD ERRORS

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	
	2023 R	2022 R	2023 R	2022 R
1. REVENUE FROM NON EXCHANGE TRANSACTIONS				
Transfers from provincial government	89 701 000	50 000 000	77 538 000	38 350 000
2. REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of service	37 529 822	27 421 087	34 528 883	24 886 107
	37 529 822	**27 421 087**	**34 528 883**	**24 886 107**
3. OTHER REVENUE				
Bad debts recovered	100	12 574	100	12 574
	100	**12 574**	**100**	**12 574**
Total Revenue	**127 230 922**	**77 433 661**	**112 066 983**	**63 248 681**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

Operating and administrative expenditure includes:

4.1 PERSONNEL

	GROUP 2023 R	GROUP 2022 R	COMPANY 2023 R	COMPANY 2022 R
Net pay	38 548 136	39 890 924	36 040 276	39 164 454
Medical aid	735 340	777 217	735 340	777 217
Statutory payments	9 463 531	12 310 786	9 463 531	12 310 786
Provident and Pension fund	6 907 930	7 550 578	6 907 930	7 550 578
Allowances	304 707	345 268	304 707	345 268
	55 959 644	**60 874 773**	**53 451 784**	**60 148 303**

4.2 ADMINISTRATIVE

	GROUP 2023 R	GROUP 2022 R	COMPANY 2023 R	COMPANY 2022 R
Rates and Taxes	1 765 640	1 482 255	1 765 640	1 482 255
Communication	3 854 258	2 197 276	3 854 258	2 197 276
Insurance	117 828	581 686	117 828	581 686
Motor fleet	1 004 207	994 091	1 004 207	994 091
Lease costs	973 936	449 050	973 936	449 050
Security	3 694 452	2 665 452	3 694 452	2 665 452
Rent	746 566	1 493 132	746 566	1 493 132
Printing and stationary	92 833	70 368	92 833	70 368
Repairs and maintaince	27 944	37 976	27 944	37 976
Other Admin Expenses	935 161	855 010	935 161	855 010
	13 212 825	**10 826 296**	**13 212 825**	**10 826 296**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE (CONTINUED)

4.3 OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	2023 R	2022 R	2023 R	2022 R
Professional fees	764 247	4 938 650	764 247	4 938 650
Audit fees	9 848 065	3 992 651	9 848 065	3 992 651
Bank charges	343 715	291 920	343 715	291 920
Training material cost	9 519 988	6 853 347	9 519 988	6 853 347
Staff appointment and Recruitment cost	143 362	237 635	143 362	237 635
Marketing costs	84 737	305 202	84 737	305 202
Subsistence and travel	2 503 226	1 920 575	2 503 226	1 920 575
Other operating costs	19 340 052	26 425 821	18 110 652	15 975 222
	42 547 392	**44 965 801**	**41 317 992**	**34 515 202**

5. PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2023

OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	137 718 862	(52 005 482)	85 713 380
Machinery and equipment	4 424 181	(1 382 916)	3 041 265
Motor vehicles	3 081 093	(2 194 739)	886 354
Office equipment	567 620	(258 045)	309 575
Office furniture	4 825 198	(2 926 540)	1 898 658
Domestic equipment	1 293 153	(492 554)	800 599
Computer equipment	3 500 628	(857 859)	2 642 769
TOTAL	**155 410 735**	**(60 118 135)**	**95 292 600**

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

OWNED ASSETS	1 April 2022 Carrying Value R	Additions R	Additions through donations R	Disposals R	Depreciation R	31 March 2023 Carrying Value R
Land and buildings	91 289 346	-	-	-	(5 575 966)	85 713 380
Machinery and equipment	3 295 575	54 562	-	(136 968)	(171 904)	3 041 265
Motor vehicles	1 018 790	-	-	(16 755)	(115 681)	886 354
Office equipment	330 194	1 957	-	(3 252)	(19 325)	309 574
Office furniture	2 030 905	1 496	31 702	(28 763)	(136 682)	1 898 658
Domestic equipment	845 373	-	-	(563)	(44 211)	800 599
Computer equipment	2 560 122	235 698	-	(39 698)	(113 352)	2 642 770
TOTAL	**101 370 305**	**293 713**		**(225 999)**	**(6 177 121)**	**95 292 600**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

OWNED ASSETS	1 April 2022 Carrying Value R	Additions R	Additions previously disposed R	Additions found on the floor R	Disposal at cost R	Disposals depreciation prior period error R	Depreciation effect - Assessment of useful life extension, disposal, and addition - Prior Period error R	Movements R	31 March 2022 Carrying Value R
Land and buildings	88 768 763	-	-	-	-	-	-	(5 579 417)	83 189 346
Machinery and equipment	3 237 778	99 344	162 448	110 633	(477 147)	86 160	285 612	(209 253)	3 295 575
Office furniture	2 124 285	17 941	248 044	32 284	(597 422)	360 577	74 770	(229 574)	2 030 905
Motor vehicles	1 129 532	-	-	-	-	-	153 745	(264 487)	1 018 790
Office equipment	264 754	-	76 914	26 872	(41 402)	23 232	2 942	(23 118)	330 194
Computer equipment	1 343 517	207 890	26 416	15 708	(396 796)	211 677	98 196	(193 189)	1 313 419
Domestic equipment	916 116	-	99 726	9 875	(185 645)	50 894	16 533	(62 126)	845 373
TOTAL	**97 784 745**	**325 175**	**613 548**	**195 372**	**(1 698 412)**	**732 540**	**631 798**	**(6 561 164)**	**92 023 602**

6. INTANGIBLE ASSETS

	31 March 2023			31 March 2022		
	Cost R	Accumulated Amortisation R	Net Book Value R	Cost R	Accumulated Amortisation R	Net Book Value R
Computer software	492 311	(339 432)	152 879	492 311	(309 629)	182 682

RECONCILLIATION OF INTAGIBLE ASSETS

	2022			2023		
	Carrying Value R	Amortisation for the year R	Net Book Value R	Carrying Value R	Amortisation for the year R	Net Book Value R
Computer software	104 827	(3 546)	101 281	104 827	77 855	182 682

7. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2023 R	2022 R	2023 R	2022 R
Cash on hand and balance in banks	8 699 547	3 243 488	8 404 118	3 109 435
Short-term investments	131 891	1 519 411	131 891	1 519 411
	8 831 438	**4 762 899**	**8 536 009**	**4 628 846**

	GROUP		COMPANY	
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS	**2023 R**	**2022 R**	**2023 R**	**2022 R**
Gross trade receivables	23 031 512	19 864 731	23 031 512	19 864 731
Bad debts written off	-	-	-	-
Allowance for impairment	(14 156 098)	(16 345 546)	(14 156 098)	(16 345 546)
	9 895 464	**3 519 185**	**9 895 464**	**3 519 185**
Prepayments	-	-	-	-
Deposits	3 500	3 500	3 500	3 500
	9 898 964	**3 522 685**	**9 898 964**	**3 522 685**

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Transfers from proviancial government	-	-	-	-
Bad debts written off	-	-	-	-
Allowance for impairment	-	-	-	-
	-	**-**	**-**	**-**

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

10. INVENTORIES

Consumables	395 838	465 805	248 642	354 086

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	8 784 702	2 445 875	16 791 239	9 783 738
Accruals	3 078 537	1 371 544	3 078 537	1 371 544
Income received in advance	2 223 849	5 175 672	2 223 849	5 175 672
	14 087 088	**8 993 091**	**22 093 625**	**16 330 954**

12. EMPLOYEE BENEFITS

Balance at the beginning of the year	5 460 361	5 876 870	5 460 361	5 876 870
Provision utilised	(551 361)	(646 995)	(551 361)	(646 995)
Provision raised in current year	307 675	230 486	307 675	230 486
Balance at the end of the year	**5 216 675**	**5 460 361**	**5 216 675**	**5 460 361**

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

	2023 R	2022 R
Deficit for the year	2 833 307	(48 902 329)
Adjustments for the year		
Depreciation of property, plant and equipment	6 236 020	6 661 079
Revenue from donated assets	(31 703)	-
Impairment deficit	225 998	-
Debt Impairment	900 046	3 008 041
Movement in provisions of employee benefits	(243 686)	2 719 519
Loss on disposal	-	-
Movements in consolidation	(5 463 613)	1 246 772
Changes in working capital		
Increase in inventories	105 445	(12 911)
Decrease / (Increase) in trade and other receivables	(4 166 781)	(2 441 976)
Impairment	-	-
Intercompany account	(1 309 452)	-
Prepaid expenses	-	-
Increase in trade and other payables	5 276 671	(15 437 624)
Cash generated by operations	**4 362 252**	**(53 159 429)**

14. AUDITORS' REMUNERATION

	GROUP		COMPANY	
	2023 R	2022 R	2023 R	2022 R
External audit fees	8 918 095	3 319 517	8 918 095	3 319 517
Internal audit fees	929 970	673 134	929 970	673 134
	9 848 065	**3 992 651**	**9 848 065**	**3 992 651**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS

DIRECTORS' REMUNERATION: NON EXECUTIVE MEMBERS

FEES FOR SERVICES AS BOARD MEMBERS	2023 R	2022 R
Mr PP Maoko - Chairperson	585 919	470 140
Ms TE Mawelele - Resigned 3 February 2022	-	218 972
Mr BM Singwane	234 966	377 533
Mr TR Mokgoshi	419 413	395 676
Mr B Sibanyoni	783 504	564 400
Mr MI Tibane	633 365	507 351
Ms LM Motshwane	459 685	153 640
Mr HH Nkanyane	638 176	202 191
	3 755 028	**2 889 903**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS (CONTINUED)

	Basic Salary R	Short term employment benefits R	Post employmen t benefits R	Total R
FW Magwandana - Acting Chief Executive Officer (From 1 September 2022)	896 046	130 197	155 760	1 182 003
MS Makgoba - Acting Chief Executive Officer (Resigned 3 August 2022)	444 234	277 170	84 348	805 752
MG Jafta - CFO	1 422 172	52 481	244 722	1 719 375
ZL Khoza - Acting GM Technical Training Centres	1 037 206	158 129	125 287	1 320 622
B Hlatshwayo - Acting GM HTA	775 127	153 333	135 315	1 063 775
S Shungube - Acting GM Corporate Services	444 132	141 986	79 348	665 466
	5 018 917	**913 296**	**824 780**	**6 756 993**

16. RETIREMENT BENEFITS

DEFINED CONTRIBUTION PLAN

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

	2023 R	2022 R
Total company contribution	6 324 337	7 550 578

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 2022	0 to 1 year R	2 to 5 years R
Future lease payments	1 278 702	-

FUTURE MINIMUM LEASE PAYMENTS AS AT 31 MARCH 2023	0 to 1 year R	2 to 5 years R
Future lease payments	-	-

18. COMMITMENTS

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

	2023 R	2022 R
Commitments	9 535 480	16 206 320

19. TAXATION

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

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE	2023 R	2022 R
Irregular expenditure	27 747 843	73 710 694

21. RELATED PARTIES DISCLOSURES

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

2022 Nature of business	Relationship to company	Artisan development programme R	Purchases by related party R	Receipts from related party R	Inter company account R
Departmnet pf Education	Controlling depatment	-	-	38 350 000	-
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd		-	-	-	9 842 441
Impairment of the balance at 100%		-	-	-	(9 842 441)
Mpumalanga Innovation and Skills Hub NPC		-	-	-	6 389 027

AMOUNTS INCLUDED IN TRADE RECEIVABLES (TRADE PAYABLE) REGARDING RELATED PARTIES	2023 R	2022 R
Departmnet pf Education	9 936 575	4 859 524
Impairment of the balance	(93 668)	(4 859 524)

2023 Nature of business	Relationship to company	Artisan development programme R	Purchases by related party R	Receipts from related party R	Inter company account R
Departmnet pf Education	Controlling depatment	-	17 335 421	89 701 000	-
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd		-	-	-	11 151 893
Impairment of the balance at 100%		-	-	-	(11 151 893)

KEY MANAGEMENT PERSONNEL

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

22. CONTINGENT LIABILITY

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

Amount being contested is R106 956.

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

23. RISK MANAGEMENT

LIQUIDITY RISK

MRTT's risk to liquidity is a result of the funds available to cover future commitments. MRTT manages the liquidity risk through an ongoing review of future commitments and the cash flows arising from allocations by the Provincial Department of Education.

INTEREST RATE RISK

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

LIQUIDITY RISK

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

Financial Instrument	Current interest rate	Due in less than a year R	Due in one to two years R	Due in two to three years R	Due in four to five years R	Due after five years R
Trade and other payables	8.5%	14 087 088	-	-	-	-
Provision for employee benefits		5 216 675	-	-	-	-

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. MRTT only deposits cash with major banks with high quality credit standing and limits exposure to any other counter party.

	2023 R	2022 R
Cash and cash equivalents	8 831 438	4 762 899
Receivables ageing is as follows - Current	9 907 957	(88 963)
- 30 days	-	1 732 588
- 60 days	4 462 266	11 612
- 90 - 150 days	1 159 816	6 306
- 180 days	8 501 473	19 864 731
Total of Receivables from Exchange Transactions	**24 031 512**	**19 864 731**

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 5 months ended 31 March 2023 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 2022 to 31 March 2023.

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

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.

	2023 R	2022 R
	86 827 650	90 224 108

NOTES

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SMAW ONLY

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