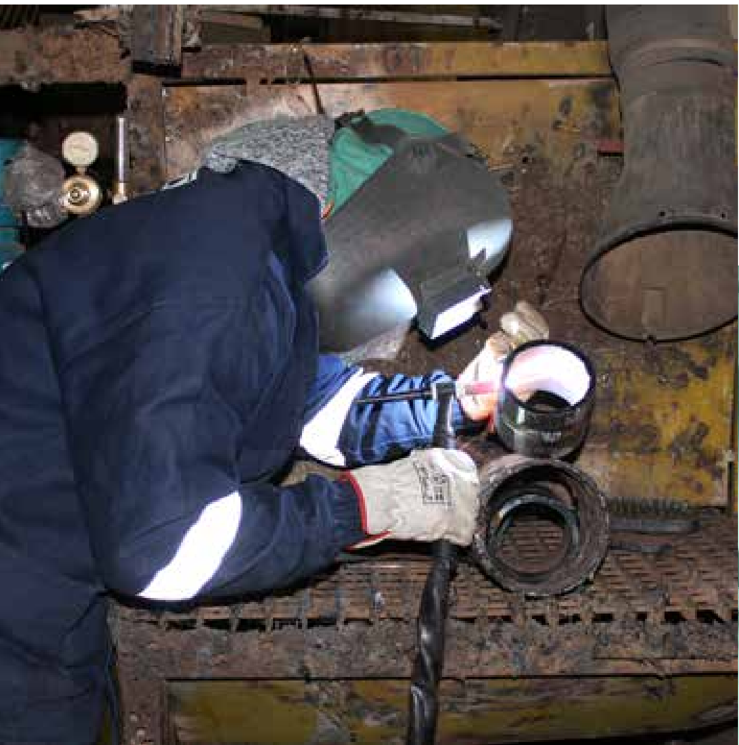
MRTT

MPUMALANGA REGIONAL
TRAINING
TRUST



ANNUAL REPORT 2021|22

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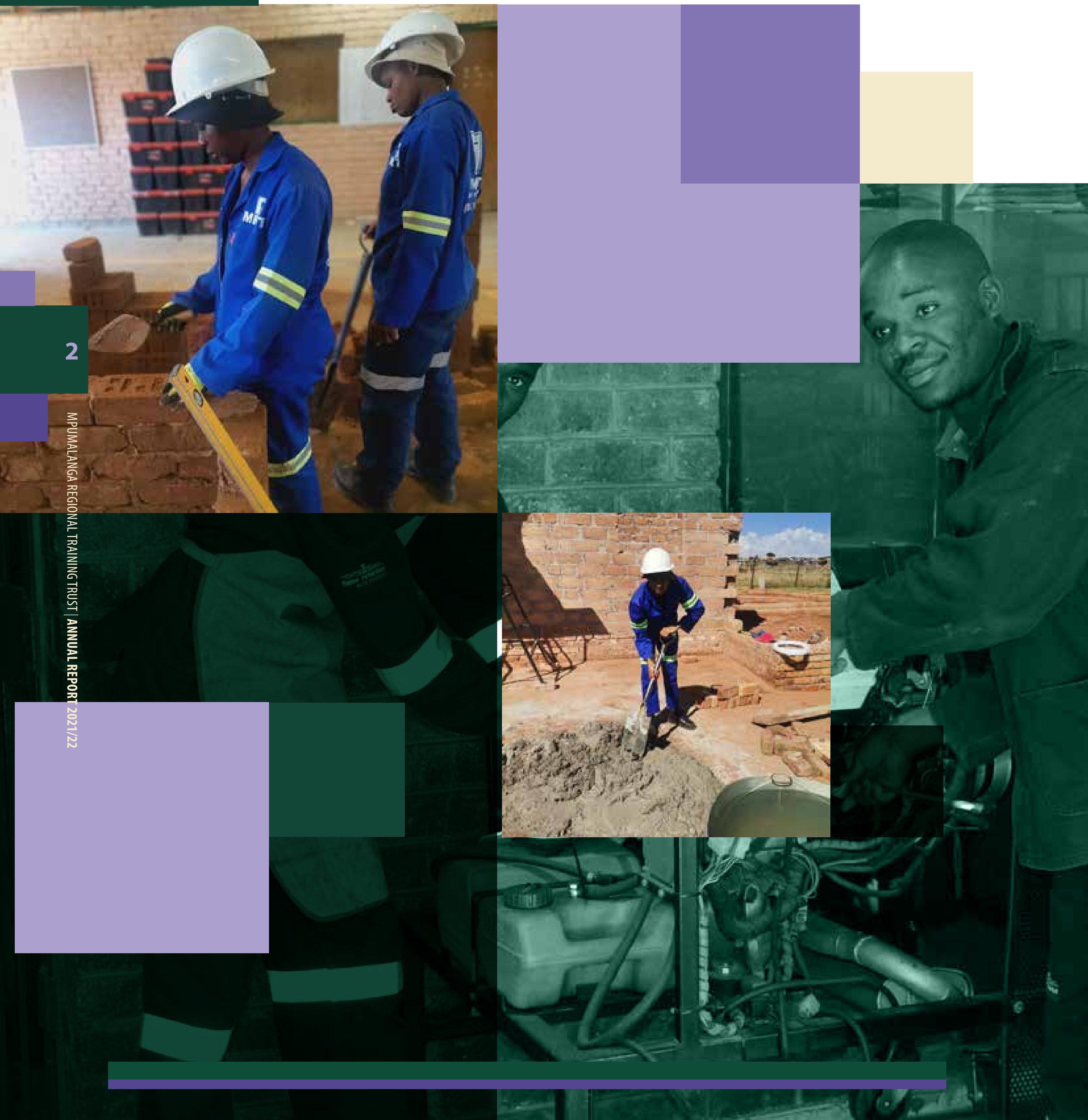
PART A

GENERAL INFORMATION

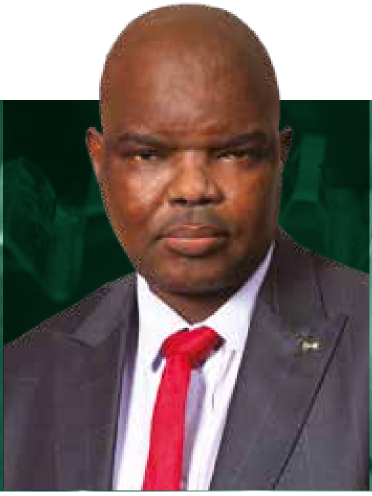


1. ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	MPUMALANGA REGIONAL TRAINING TRUST
REGISTRATION NUMBER:	1993/006132/08
PHYSICAL ADDRESS:	SUITE NO.8 Bureau de Paul, N4 Office Park, eMalahleni, 1035
POSTAL ADDRESS:	Private Bag X7288, eMalahleni, 1035
TELEPHONE NUMBER/S:	013 656 0857/0875
FAX NUMBER:	013 656 0632
EMAIL ADDRESS:	info@rttrust.co.za
WEBSITE ADDRESS:	www.rttrust.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa, 12 Nel Street, Mbombela, 1200
BANKERS:	Standard Bank, Saveway Crescent, eMalahleni, 1035

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
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations



3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL

As the Member of the Executive Council of Education in the Mpumalanga Province, providing oversight to the Mpumalanga Regional Training Trust (MRTT), reporting through the Board of Directors. I am pleased to present and table this Annual Report 2021-22 to the legislature. For the period under review, the Department of Education strengthened the Board of Directors of the entity by extending the term of the current Board of Directors and appointed two members of the board following the resignations of two members. The role of the Board of Directors is critical in ensuring that the entity is able to implement its mandate. The Board has managed to keep the entity operational despite the financial constraints that the entity found itself in, due to the declining economic trajectory and the negative impact of Covid 19.

The work of the entity has been very critical in contributing towards the achievement of the priorities of the sixth administration on education, skills and health and towards the achievement of the national development plan targets on artisan development and scarce skills. The future of the youth in the province with regards to skills depends on the success of the entity as an implementing entity of skills development within the province. It is for that reason that as a Department of Education, 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 that were able to offer skills to many young people from the different municipalities. In most cases, these projects are implemented at local and community level thus protecting our young people from travelling and transport costs. The Comprehensive Rural Development Programme (CRDP) and the Mobile Training programmes are the examples of taking training to where young people are. The learners, consisting of 80 young people throughout the province in cases of funded programmes are also offered stipends while on training to encourage them to complete the programmes and acquire the necessary skills in order to better their lives. 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 programmes to learners.

Through the projects allocated by the Department of Education, the entity has been able to implement them using the learners that have been trained, this is crucial for the learners as it gives them exposure to work integrated learning and the entity is able to generate revenue to augment its budget. In the period under review, the entity assisted the department with the implementation of the Handyman Presidential project, vandalized schools project, water and sanitation projects. The projects included the renovation of three blocks of classroom and admin block in Nyabela Primary School.

The strategic focus of the entity will remain the skills development of young people in the province, who are out of school and disadvantaged. As a caring government, we cannot condemn these young people to a life of poverty, perpetual inequality and unemployment, we therefore should intervene and offer them skills and practical training. Going forward, the entity will make an effort to further engage with the different industries in the province to better understand their skills needs so that these learners after training can secure jobs, partnerships and also align the training that the entity is offering to the needs of the industry and participate in the economic sphere of the province.

I am therefore grateful to the Chairperson of the Board of Directors, Mr Petrus Maoko and the entire Board, for steering the entity during very difficult times. I would also like to thank the former Acting Chief Executive Officer Mr Sammy Makgoba, his management team, and all officials in the entity for their

"Through the projects allocated by the Department of Education, the entity has been able to implement them using the learners that have been trained, this is crucial for the learners as it gives them exposure to work integrated learning and the entity is able to generate revenue to augment its budget."

continued hard work in implementing the mandate of the entity. Lastly, I would like to thank the Department of Education under the leadership of Ms Lucy Moyane for their support to the entity.

As Lailah Akita will teach us, that human skill development in any nation is key for economic growth, it is against this background that we must never tire in providing resources and opportunities to our young people to develop themselves for a better tomorrow and economic development of our province, the province of the rising sun.

I thank you

Hon Bonakele Majuba
MEC for Education in Mpumalanga
Date: 27 July 2022

4. REPORT BY THE CHAIRPERSON OF THE BOARD OF DIRECTORS

As the newly appointed Board of the Mpumalanga Regional Training Trust (MRTT), we are deeply humbled to be granted the opportunity to steer the Entity towards executing its mandate of Skills Development and Training for the out-of-school youth across the Mpumalanga Province. The Portfolio Committee on Education, Culture, Sport and Recreation also emphasised this aspect of skills development and training during the Board of Directors appearance in meetings held throughout the period under review.

It is my pleasure to present this Annual Report, which provides detailed information on the work executed by the Entity during the 2021/2022 Financial Year. Despite the devastating effects of the Covid-19 Pandemic on the South African economy and globally, MRTT has managed to achieve 71,5 % of its 38 targets for the period under review.

As a public entity reporting under the Department of Education (DoE), MRTT has signed Memorandums of Understanding (MOU's) with various training institutions and formed partnerships with private companies that support skills development and training, including our mandate to produce Artisans.

Amongst the significant milestones achieved in the financial year was the re-accreditation with Energy and Water Sector Education Training Authority (EWSETA), and the completion of the long outstanding Covid-19 Pandemic project that were implemented on behalf of the DoE for the repair of vandalised schools and drinking water fountains in the Mpumalanga Province. MRTT is developing new offerings by working on possibilities of securing online courses to attract more learners to the Entity. MRTT has been provided with a discretionary grant funded by the Construction Education and Training Authority Construction (CETA) for the enrolment of learners in the trades for Bricklaying.

For the year under review, the entity conducted a workshop on risk management to identify the emerging risks within the operations and support of the Institution. Using the continuous support of our stakeholder (Provincial Treasury), a consolidated operational risk register was developed with the aim of monitoring the emerging risks within all programmes to avoid recurrence of audit findings.

Overseeing the entity during this period posed a challenge due to no permanent employment of a CEO, in conjunction with the looming number of both vacant and acting positions due to the budget constraints. Due to Covid-19 Pandemic, the MRTT has been negatively impacted financially as the Entity could not generate revenue as was anticipated for self-sustainability. MRTT implemented cost curtailment measures, to mitigate against the grant funding that was significantly reduced by DoE. During 10 to 12 February 2022, the entity held a strategic planning session with the Board of Directors in order to secure an intervention and develop an Annual Performance Plan that was aligned to the Budget. To that effect, the Board approved its Annual Performance Plan for 2022/2023 financial year and will pursue the objectives set out in the 2022-2025 Strategic Plan.

The MRTT had two vacancies in the Board during the period under review. These vacancies negatively affect the composition of the Audit Committee, which is a statutory Committee of the Board. This matter has been accordingly addressed by the Member of Executive Council (MEC) and the DoE and two new appointments were confirmed on 26 November 2021.

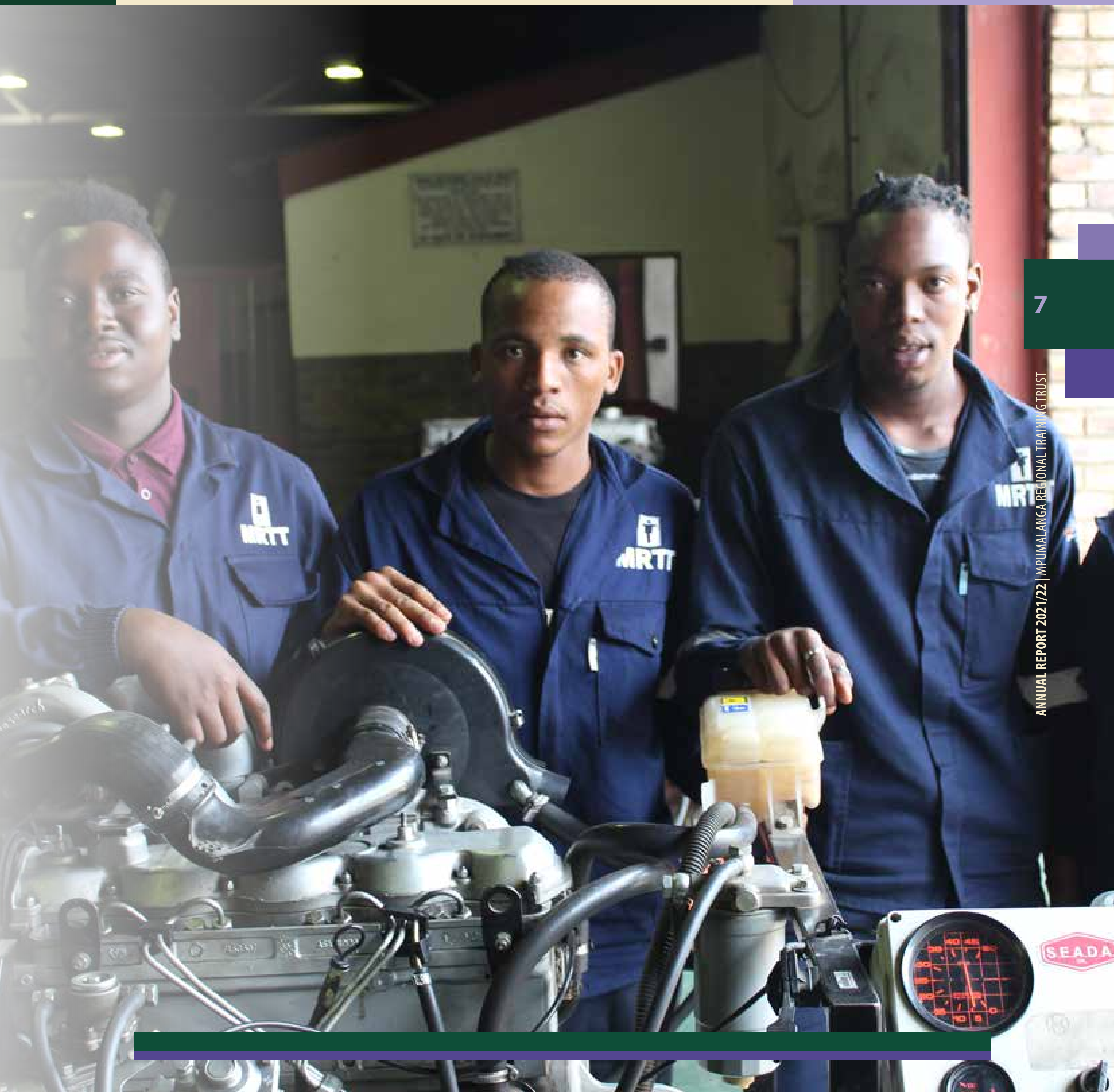
The Board sincerely thanks the MEC, and the Head of Education Department for their guidance, direction and unwavering support, the entire leadership of the DoE and Members of the Portfolio Committee of Education Culture, Sports and Recreation.

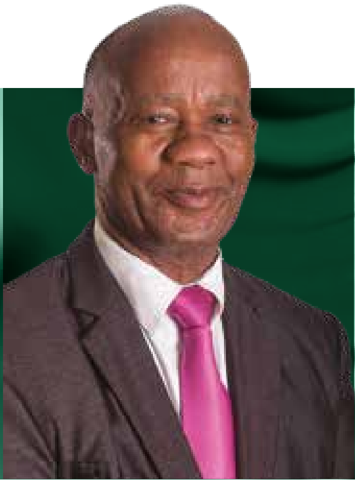
Appreciation also goes to the former Acting Chief Executive Officer, the Senior Management team of the entity, as well as the entire staff of the MRTT for their commitment to serve under very difficult and challenging circumstances.

Ke a leboga, Thank you!

Mr PP Maoko
Chairperson: MRTT Board
Date: 22 July 2022

“Amongst the significant milestones achieved in the financial year was the re-accreditation with Energy and Water Sector Education Training Authority (EWSETA), and the completion of the long outstanding Covid-19 Pandemic project that were implemented on behalf of the DoE for the repair of vandalised schools and drinking water fountains in the Mpumalanga Province.”





5. REPORT OF THE ACCOUNTING OFFICER

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

The past financial year was very difficult and exciting for the entity. 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 review of the organizational structure was halted due to the same financial constraints, this meant that critical positions could not be filled, however, people acting in these vacant positions had to remain acting for a longer period of time. However, the entity did not rest on its laurels but continued to implement its annual performance plan to achieve the long term objectives of its five year strategic plan.

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

For the period under review, the entity with its limited budget achieved its targets and plans as per its Annual Performance Plan for the 2021/22 financial year. For the period under review, the entity trained 929 learners (against a target of 863) throughout the Province, within local Municipalities and its training centres. The work of the entity is to ensure that despite financial challenges, the lives of the disadvantaged does not get compromised through a lack of skills empowerment. The training that was implemented was through the hospitality and tourism including the Technical Training Operations. The implementation of the Mpumalanga Skills and Innovation Hub (MISH) is continuing, albeit at a slow pace due to approval processes that have to be sought before certain activities could unfold, such as the re-zoning processes. The process of the renovation of the MRTT house into offices for the initial phase of the MISH is at 90% completion.

OVERVIEW OF THE FINANCIAL RESULTS OF THE ENTITY

ENTITY RECEIPTS

	2020/21			2021/2022		
Departmental receipts	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	82 043	24 096	15 893	20 228	24 898	(4 670)
Transfers received	108 381	86 515	21 866	20 225	38 350	(18 125)
Interest, dividends and rent on land	0	1 726	(1 726)	0	714	(714)
Sale of capital assets	0	1 088	(1 088)	0	0	0
Financial transactions in assets and liabilities	0	130 184	(130 184)	0	78 274	(78 274)
Total	**190 424**	**243 609**	**(53 185)8**	**40 453**	**142 236**	**(101 783)**

"In the short term the entity is working towards being financially sustainable. It is working towards ensuring that young disadvantaged people of the province have the requisite skills to participate in the mainstream economy of the province."

PROGRAMME EXPENDITURE

Departmental receipts	2020/21			2021/2022		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Hospitality Tourism Academy	22 292	8 655	13 637	19 316	5 646	13 670
Technical Training Operations	101 360	30 620	70 740	36 872	16 833	20 039
Corporate Services	56 776	95 642	(38 866)	54 616	92 680	(38 064)
Total	**180 428**	**134 917**	**45 511**	**110 804**	**115 159**	**(4 355)**

VIREMENTS/ROLL OVERS

The MRTT did not perform any virement and/or rolled-over any funds during the financial year under review.

UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE AND THE AMOUNTS INVOLVED AS WELL AS STEPS TAKEN TO ADDRESS AND PREVENT A RECURRENCE.

During the financial year under review, the entity incurred irregular expenditure amounting to R73 710 694 and fruitless and wasteful expenditure still needs to be determined through the Material Irregularity process.

STRATEGIC FOCUS OVER THE SHORT TO MEDIUM TERM PERIOD

In the short term the entity is working towards being financially sustainable. It is working towards ensuring that young disadvantaged people of the province have the requisite skills to participate in the mainstream economy of the province. The entity will continue to provide the much needed skills interventions to young people to make an impact on the triple challenges of poverty, unemployment and inequality. The entity will put measures in place to achieve its mandate and its strategic objectives. The entity will also be moving offices to save on rent for its head office. Employees will be moved to entities where the entity either owns the buildings or does not pay exorbitant rent. This will assist the entity to utilize the savings to renovate and maintain its buildings. The renovations of the hotel and tourism academy will also be continued.

PUBLIC PRIVATE PARTNERSHIPS

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

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

One of the key activities that was discontinued was the finalization of the review of the organizational structure, part of this was the implementation of the Corporate Strategy. These activities were discontinued due to financial constraints. These had a negative effect on the operations of the entity as mostly it meant that certain vacant positions could not be filled and this affected the operations of the entity as many officials had to act in vacant positions and the entity having to pay acting allowances.

The entity had to also reduce its learner intake or numbers due to financial constraints, the reduction was also to accommodate social distance within training centres, workshops training sites to curb the spread of the Covid 19 pandemic.

NEW OR PROPOSED KEY ACTIVITIES

Going into the future the entity has partnered with companies such as the Advance Technology Training Institute (ATTI). This partnership will focus on recruiting learners for ICT training courses as part of the revenue generation for the entity, but also to teach learners on the ICT side of business for those who would like to pursue entrepreneurship. The entity is also partnering with the National Youth Development Agency (NYDA) to train learners on entrepreneurship, this is to push learners to also try out their own businesses instead of just looking for jobs.

The entity is also working towards developing a strategy on implementing online courses, the processes of benchmarking with other institutions is already unfolding. This will include creating a database and learner management system to trace and keep track of its past learners. The entity will use these new online courses to generate revenue but also as a platform to test the possibility of converting its courses to online platforms.

SUPPLY CHAIN MANAGEMENT

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

Supply Chain processes and systems are in place and MRTT is using SAGE Advance Procurement Module that ensures that segregation of duties is achieved, MRTT utilises the National Treasury Central Supplier Database (CSD) which is fully integrated with South African Revenue Services (SARS). Supply Chain Management officials are continually exposed to Continuous Professional Development (CPD) through the DTIC and Provincial Treasury.

National Treasury has introduced an e-Tender Publication Portal which enables government and public entities to upload or advertise on the following portal:

- Tender Publication
- Bid Awards results
- Tender Information Report
- Contract Management

The entity's Supply Chain Management (SCM) policy is continually reviewed to incorporate any developments in the legislative frameworks (Instruction/practice notes).

CHALLENGES EXPERIENCED IN SCM AND HOW THEY WERE RESOLVED

Challenges experienced in the Supply Chain management resulted in Irregular expenditure owing to continued extension of contracts; local content (production). An action plan on reported audit findings is being developed to address the Auditor-General of South Africa (AGSA) findings. Progress on the action plans of reported audit findings is monitored and evaluated continuously, i.e. monthly by the senior management committee; and quarterly by the Board of Directors and its governance structures (Audit Committee; Risk Management Committee and Finance and Remuneration Committee).

GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

Management has no records of any gifts and/or donations received in-kind from non-related parties.

Management has no records of any in-kind goods and services provided by the department to or received from parties other than related parties.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

- Management has no exemptions and deviations that were received from the National Treasury to report for the period under review.
- Events after the reporting date
- There are no events after the reporting date.

CONCLUSION

The financial challenges of the entity persist to the next financial year, and this would continue to negatively affect the operations of the entity and the targets of 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.

ACKNOWLEDGEMENT/S OR APPRECIATION

I would like to give my gratitude to the Board of Directors of the entity, for their continued visionary guidance. I would like to also 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.

APPROVAL AND SIGN OFF

The Annual Report 2021/22 has been signed off by the MEC of Education in the province, and approved by the Board of Directors for tabling at the legislature and as an account of the entities financial and non-financial performance.

Skills development remains the only potent weapon that we can use to change the lives of our under privileged young people of our Province.

Yours faithfully

Mr Sammy Makgoba
Acting Chief Executive Officer
Mpumalanga Regional Training Trust
Date: 19 July 2022

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 is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the 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 are 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 2022.

Yours faithfully

Mr PP Maoko
Chairperson: MRTT Board of Directors
Date: 22 July 2022

Mr MS Makgoba
Acting Chief Executive Officer
Date: 19 July 2022

7. STRATEGIC OVERVIEW

7.1. MANDATE

As a public entity reporting through the Board of Directors to the MEC of Education in the Mpumalanga Province, MRTT is mandated:

- To develop the human resource base of the Mpumalanga Province through the provision of experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training; and
- To empower learners, primarily the disadvantaged communities, industry workers and government employees to participate in the broader economic sphere of the Province.

7.2. VISION

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

7.3. MISSION

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

7.4. VALUES

- Accountability.
- Commitment.
- Innovation.
- Integrity.
- Professionalism.

MRTT

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 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 in particular the youth, industry workers and government employees to participate in the broader economic sphere of the province.

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 Further Education and Training (FET).
Skills Development Act, 1998 (Act No. 97 of 1998)	The Act is aimed at increasing the skills levels of human resources in the workplace and in addition, to support career pathing.
South African Qualifications Authority Act,1996 (Act No. 58 of 1996)	Provides for the development and implementation of the National Qualification Framework and for this purpose to establish the 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 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; eliminate unfair discrimination in employment; ensure the implementation of employment equity to redress the effects of discrimination.
Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	Gives effect to the right to fair labour practices referred to in section 23 (1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; 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.

8.3. 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.

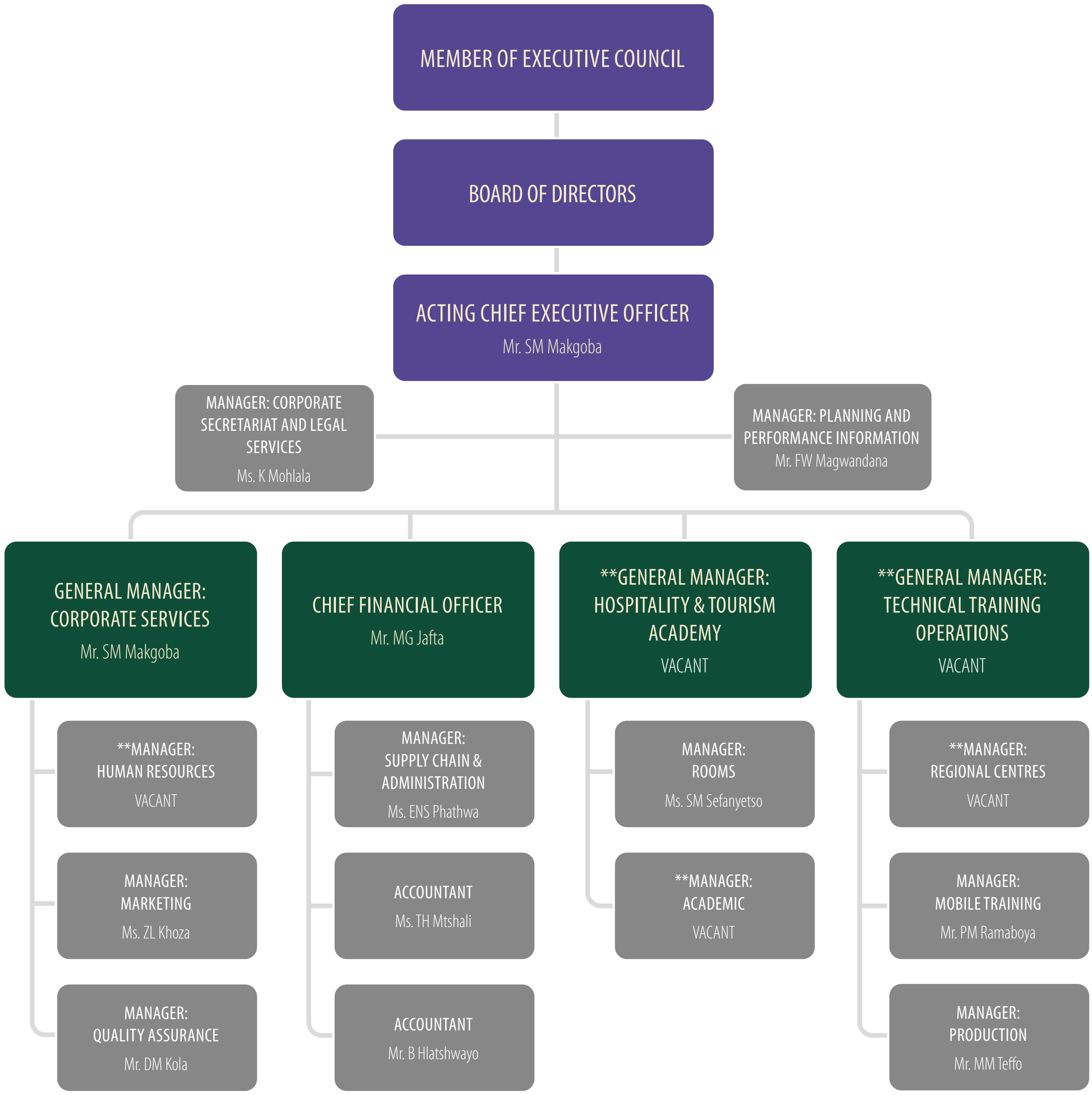
Registered as a National Training Provider with the Department of Labour.

8.4. 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).

9. ORGANISATIONAL STRUCTURE



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

10. ENTITIES REPORTING TO THE ACCOUNTING AUTHORITY

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Mpumalanga Innovation and Skills 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

11. MEMBERS OF THE BOARD OF DIRECTORS

PP MAOKO
CHAIRPERSON

TE MAWELELE
DEPUTY CHAIRPERSON

MRS L MOTSHWANE
NON-EXECUTIVE DIRECTOR

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*

SAMMY M MAKGOBA
ACTING CHIEF EXECUTIVE OFFICER

12. SENIOR MANAGEMENT

SAMMY M MAKGOBA
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

13. MANAGEMENT

GERALD MOKWANA
ACTING MANAGER: TECHNICAL TRAINING

SARAH SEFANYETSO
MANAGER: ROOMS

NTOMBENHLE ES PHATHWA
MANAGER: SUPPLY CHAIN MANAGEMENT

PAUL RAMABOYA
MANAGER: MOBILE TRAINING

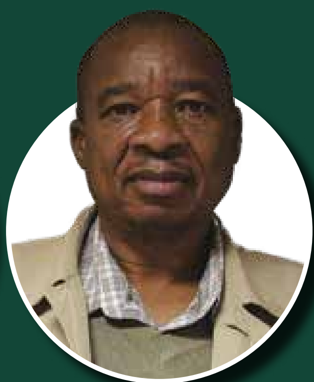
BOTHA NKOSI
ACTING MANAGER: COMPREHENSIVE RURAL DEVELOPMENT

WILSON MAGWANDANA
MANAGER: PLANNING & PERFORMANCE INFORMATION

KEDIBONE MOHLALA
MANAGER: LEGAL SERVICES & COMPANY SECRETARY

DAN KOLA
MANAGER: QUALITY ASSURANCE

SWAARTBOOI TEFO
MANAGER: PRODUCTION



SIMON MABENA
ACTING MANAGER: HUMAN RESOURCES

PART B

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 77 of the report of the Auditors Report, published as Part E: Financial Information.

2. OVERVIEW OF THE ENTITY'S PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

The 2021-22 Financial Year has proven to be a very difficult year for the Entity and the global world. The period was characterised by the spread of the Covid-19 Pandemic, the restrictions and regulations to curb the spread of the Pandemic. This situation came with its challenges such as reduced budget allocations for government departments and public entities. This meant that some of the planned programmes and projects had to be postponed or reduced to align according to the available budget. However, the Entity continued with the implementation of its Annual Performance Plan 2021-22 and managed to achieve about 71.05% (27 out of 38 performance indicators) of its non-financial performance targets for the period under review. MRTT was able to interact with its service delivery beneficiaries to ensure that their lives are improved through the skills programmes that is provided to them.

By means of the Hospitality and Tourism Academy (HTA), the Entity had to ensure that it completes the training of about 50 learners. These learners' training was delayed by the lockdown restrictions, however, training was still completed during this period. Despite this success, it still served as a serious setback for the Entity as it was unable to recruit new learners due to the space required as per Covid-19 Regulations to accommodate more learners. The Entity entered into a partnership with the Advanced Technology Training Institute (ATTI), with a view to introduce and explore opportunities within the online training environment. This partnership will in the long-term usher learners into the Entity and ensure that the learners are able to grasp the use of technology as an important element of their development and empowerment. The Entity also partnered with the National Youth Development Agency (NYDA), to provide learners with training on "Entrepreneurship". This was to ensure that these learners also venture in job creation instead of becoming job seekers and increase the number of unemployed youths in the province. Some of these learners have already started their small businesses using the skills they learned from the MRTT. In December 2021, the HTA was negatively affected by the flooding which damaged the facility. Consequently, the use of the facilities (conferencing and rooms), were limited thus having a negative impact on the revenue generation targets for the hotel since these facilities could not be utilized until the insurance processes were completed.

Technical Training Operations assisted the DoE in implementing a few projects, by equipping some of their learners with much needed practical skills and to make use of this as a revenue generation vehicle for the Entity. Learners were put through trade testing and recognition of prior learning as part of their training. The MRTT used its Production sub-programme to implement projects and to generate revenue to augment the budget. In addition, these projects were used for coaching and mentoring of learners. The Comprehensive Rural Development Programme (CRDP) was implemented in four local municipalities training 78 learners on several skills such as mixed farming. Securing projects for income generation remained a problem for the Entity due to a number of reasons such as the economic decline. However, the entity assisted the DoE in implementing the projects listed below.

No.	Name of project	Funding agent	Total number of beneficiaries	Total fund allocation	Project description
1	Covid-19 Vandalised schools projects	DoE	143 Schools across the province	R 3 095 000	**Purpose:** To conduct assessment and repairs on various schools damaged and vandalised during the Covid-19 period. Project is still being implemented. Project value was reduced as some schools managed to implement repairs themselves after quotations were submitted, while other schools could not be repaired due to closure or because of major infrastructure repairs which was beyond MRTT's scope of work. **NB:** Project still on-going in Nkangala District with few schools remaining.
2	21 Schools on Water and Sanitation	DoE	21 Schools on Water and Sanitation related operations and maintenance	R 9.6 million	**Purpose:** To conduct repairs and refurbishment of various schools to ensure access to water in response to Covid-19 challenges. The 21 schools were also reduced to only 19 schools that had to be repaired by MRTT. This is because DoE indicated in February 2021 that the remainder of the schools were to be repaired by other contractors. Project has since been completed in January 2022.
3	Nyabela school renovations	DoE	Renovation of three classrooms blocks and administrative block.	R 528 493. 28	**Purpose:** To renovate three blocks of classrooms and an administration block by utilising MRTT learners and supervisors for painting, installation of the ceiling and glazing work.

Through Corporate Services, the Entity managed to collect 84% of its revenue despite the difficult times of Covid-19. Creditors were paid within the 30 days period to ensure sustainability of small businesses that provided services to the MRTT. The Entity maintained one primary accreditation with CETA and three programme approvals with MerSETA, Agricultural Sector Education Training Authority (AgriSETA) and CATHSSETA. This was to ensure that the courses that were provided to learners, are accredited and recognised by the required accrediting bodies. In line with governance principles, the Entity provided financial reports to its Board of Directors in order to account to the MEC of Education based in Mpumalanga. The process of the recruitment of the Chief Executive Officer (CEO) was not completed as planned, it is anticipated that the process will be completed within the second quarter of the new financial year. To market its services and offerings, the Entity embarked on career exhibitions, school visits and corporate marketing initiatives to ensure that its service beneficiaries are aware of the services that are being offered.

MRTT was mandated to oversee the establishment of the Skills Hub. The Mpumalanga Innovation and Skills Hub (MISH) was registered as a non-profit organisation and three founding members were appointed. A site for the establishment of the MISH was procured in 2018 and is situated on the N12 just outside eMalahleni. To this effect, a project management company (Tshawe PRDC JV) was appointed in April 2021 and pre-construction processes got underway that included the development of a concept design, re-zoning applications, geotechnical investigations, environmental impact studies and traffic impact studies among other processes.

It was anticipated that the pre-construction and construction of the MISH site on the N12 may take some time to complete due to the size of the project. Resultantly, it was decided to renovate the MRTT House to serve both as an office space for the MISH staff and a space where pilot projects can be implemented in the meantime. This will give MISH the opportunity to test various interventions and will enable MISH to start having an impact on the community as soon as possible. The renovations are done in partnership with Seriti Resources who funded the renovation project and has progressed to an advanced stage with completion expected in the first quarter of the 2022/2023 financial year.

For the period under review, the Entity trained 929 learners (against a target of 863) throughout the province, within local municipalities and its training centres. This achievement was achieved albeit the budget cut and financial challenges that were faced.

2.2 ORGANISATIONAL ENVIRONMENT

MRTT had to put on hold its process of reviewing its organisational structure due to financial constraints and huge cuts in budget allocation. Therefore, vacant positions were not filled thus impacting operations and plans for the period under review. There were no resignations within senior management such as the Chief Financial Officer, and the Chief Executive Officer (CEO) position was occupied by an acting official due to the former CEO reaching a settlement agreement with the Board to leave the entity. The three General Manager positions were occupied by acting officials until the necessary recruitment processes are completed.

The recruitment process for the CEO position is anticipated to be completed before the end of the second quarter of the new financial year, and for the General Managers once the financial situation of the Entity has been turned around. MRTT has also embarked on a review process of all Human Resource Management policies, whereby the Board of Directors were duly consulted and they ultimately approved the policies.

On 10-12 February 2022, a strategic planning session was held to assess the work that was done in the financial year, and to complete planning for the new financial year. During the session, resolutions were undertaken and an implementation plan was developed with the necessary reporting tool/s to ensure that they are achieved and fully accounted for.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

MRTT did not make changes or review its 2020/21 – 2024/25 Strategic Plan, and the mandate was not altered over this period. The Entity continued with the implementation of its Annual Performance Plan (APP) 2021/22 in advancement of its impacts and outcomes. The Entity's work is aligned to the goals of the Medium-Term Strategic Framework (MTSF) on "Education, Skills and Health", through its "Impacts".

IMPACT STATEMENT 1	Provide access to skills development
IMPACT STATEMENT 2	Workplace training, coaching and mentoring
IMPACT STATEMENT 3	Ensure effective service delivery
IMPACT STATEMENT 4	Marketing of products and services and establish working relations

MEASURING THE ACHIEVEMENTS OF THE "OUTCOMES" OF THE ENTITY OVER THE PAST FINANCIAL YEARS

Outcome	Outcome Indicator	Baseline	Five-year target 2020/21 – 2024/25	Progress to date 2020/21 – 2021/22
Provision of theoretical and practical skills training	Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	160 learners	800 learners	192 learners
Accredited skills training and qualification programmes	Number of learners to receive accredited or customised institutional training	1 100 learners	55 learners	590 learners
Customised, specialised and accredited skills training	Number of learners who receive Customised or Skills Programmes	60 candidates	300 candidates	154 candidates
Comprehensive Rural Development Programme (CRDP)	Number of learners receiving accredited training through skills programmes	720 learners	2 800 learners	239 learners
Provision of mentoring and coaching for workplace integrated learning	Number of learners coached and mentored in the workplace	200 learners	1 000 learners	340 learners

MRTT is performing successfully in achieving its five-year targets on the identified impacts and outcomes. These outputs have been affected by the budget cuts and the impact of Covid-19, especially on the social distancing which affected the number of learners to be accommodated in the training centers and workshops.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

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

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

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

OUTCOME	**Provision of theoretical and practical skills training.**
OUTCOME STATEMENT	To provide theoretical and practical skills training to 450 learners by 2024.

OUTCOME	**Graded and accredited accommodation services and workplace training.**
OUTCOME STATEMENT	Provision of graded and accredited accommodation services for income generation and learner workplace training by 2024.

OUTCOME	**Graded and accredited Food and Beverage services and workplace training**
OUTCOME STATEMENT	Provision of graded accredited Food and Beverage services for income generation and learner workplace training by 2024.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

The operations of the Hospitality and Tourism Academy (HTA) were affected by the Covid-19 restrictions and regulations. Part of the hotel was also affected by the storm which affected rooms and conference facilities thus reducing the potential for revenue generation. However, through all those challenges, the HTA was able to carry out its work and mandate by training 106 learners. Learners were trained on various aspects of the hotel's operations (academic, rooms, food and beverages). Learners also received coaching and mentoring in the workplace using the facilities of the hotel.

In partnership with the National Youth Development Agency (NYDA), MRTT provided training to 85 learners on entrepreneurship. This is to ensure that the learners have the basic knowledge of starting and running their own businesses. The course covered aspects such as costing products, market research, sales estimations and legal responsibilities among others. These skills will assist learners in ensuring that their businesses become sustainable and profitable in these trying economic times where unemployment is rife in the country and the province. The partnership with the Advanced Technology Training Institute (ATTI) was finalised and the process of recruiting learners for the programme is continuing. This provides MRTT with means to generate revenue through fee-paying learners who will enrol for this basic computer programme.

This programme achieved 66.66% of its indicators over the period. The achievement of these indicators is critical in contributing towards the entity achieving its outcomes and impacts over the next five years. The non-achievement was mostly because of the HTA having to carry through learners from the previous financial year, as they were unable to complete their training in that financial year due to Covid-19 restrictions. However, this cohort of learners has now completed their training. Training will be able to normalise and the Entity will be able to recruit a new group of learners.

The programmes focus mostly on young people, who are mostly women and individuals from previously disadvantaged backgrounds. Learners who are "differently enabled" who meet the basic entry requirements are admitted into the programmes as there is no discrimination based on their disabilities.

Table 2.4.4.1: Used to Report Against the Originally Tabled Annual Performance Plan 2021-22

PROGRAMME / SUB-PROGRAMME: ACADEMIC

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Provision of theoretical and practical skills training	Learners trained in SAQA registered programmes Culinary Studies and Hospitality Studies	POI 101: Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	100 learners	100 learners	50 learners	21 learners	29 learners	Recruitment for the 29 learners could not commence due to capacity constraints as the Entity had to complete training of the learners from the previous financial year
		POI 102: Number of learners to receive training in SAQA registered learning programmes in Hospitality studies	20 learners	30 learners	20 learners	No learners trained	20 learners	Recruitment for the 20 learners could not commence due to capacity constraints as the Entity had to complete training of the learners from the previous financial year
	Learners receiving customised skills training	POI 103: Number of learners to receive customised training	40 learners	30 learners	20 learners	85 learners	65 learners	The Entity managed to attract more learners through its partnership with the NYDA

PROGRAMME / SUB-PROGRAMME: 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

Coaching and mentoring of learners in a graded and accredited accommodation Hotel operations (Rooms)	Learners coached and mentored in the workplace	POI 104: Percentage of learners receiving coaching and mentoring in the workplace (Culinary)	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	100% learners trained in Academic were coached and mentored in the workplace	-	-

PROGRAMME / SUB-PROGRAMME: FOOD AND BEVERAGE

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

Graded and accredited Food and Beverage services and workplace training	Accredited food and beverage services	POI 105: Percentage of learners receiving coaching and mentoring in the workplace (Hotel Operations)	100% of learners trained in Academic	100% learners trained in Academic	100% learners trained in Academic	100% learners trained in Academic were coached and mentored in the workplace	-	-
		POI 106: Percentage of learners receiving coaching and mentoring in the workplace (Food and Beverage)	100% of learners trained in Academic	100% of learners trained in Academic	100% of learners trained in Academic	100% learners trained in Academic were coached and mentored in the workplace	-	-

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1	2021/22			2020/21		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Academic	4 012	4 369	-357	5 890	4 729	1 161
Rooms	11 312	9 323	1 989	4 851	3 401	1 450
Food and Beverage	4 012	3 274	738	11 169	10 757	412
TOTAL	**19 336**	**16 966**	**2 370**	**21 910**	**18 887**	**3 023**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the period under review, this programme achieved four of its six performance indicators. Two indicators were not achieved due to the fact that the programme had to complete the training of the learners who overlapped from the previous financial year. The Entity does not have enough space to accommodate the learners from the previous financial year plus a cohort of new learners and thus had to prioritise the completion of training for the learners from the previous financial year. The learners have since completed their training and a new cohort of learners has been recruited for the new financial year.

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

The Entity does not have standardised sector indicators and outputs and also does not have concurrent functions.

4.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

Programme Purpose: 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
Sub programme 2.2: Mobile Training
Sub programme 2.2.1: Comprehensive Rural Development Programme (CRDP)
Sub programme 2.3: Technical Production

OUTCOME	**Accredited skills training and qualification programmes.**
OUTCOME STATEMENT	To provide accredited construction, manufacturing and engineering related and agricultural skills training to 1 000 learners through institutional training by 2024, and customised skills training.

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

OUTCOME	**Comprehensive Rural Development Programme (CRDP).**
OUTCOME STATEMENT	Provision of accredited Building and Civil construction, and Agricultural skills training to 400 learners through CRDP by 2024.

OUTCOME	**Provision of mentoring and coaching for workplace integrated learning.**
OUTCOME STATEMENT	Management of production projects for income generation and workplace training of 400 learners by 2024.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

The Technical Training Operations (TTO) as a core programme of the Entity is responsible for the provision of technical skills such as production, engineering, electrical and motor mechanic etc. TTO was able to put learners on customised training skills programmes, learnerships and apprenticeship. This programme has also put learners through trade testing and recognition of prior learning. The programme also implemented the Comprehensive Rural Development Programme (CRDP) through four local municipalities in the province on skills programmes such as mixed farming. In addition, learners were put through workplace integrated learning and incubation, including using projects from the DoE to provide coaching and mentoring to the learners.

MRTT also solicited two projects for revenue generation from the DoE. This area or work has however proved to be difficult due to the state of the economy and other challenges. Opportunities to place learners for workplace exposure are also very difficult to secure in the required numbers. The programme was also affected by the impact of Covid-19, as it meant that it had to reduce its learner numbers from its workshops and training centres, the budget cuts have also greatly impacted the work of the programme and its learner targets.

For the period under review, the programme achieved 29% of its indicators. Several factors played a role, such as: the unavailability of adequate workplace opportunities and incubation programmes, learner absconding and the unavailability of projects to place learners for coaching and mentoring. The declining economic conditions are affecting MRTT from securing projects for income generation.

Table 2.4.4.1: Used to Report Against the Originally Tabled Annual Performance Plan 2021-22

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
PROGRAMME / SUB-PROGRAMME: TRAINING CENTRES								
Business Focus: Develop skills in construction, manufacturing, metal trades, mechanic, electrical and related trades.								
Accredited skills training and qualifications programmes	Learners trained in accredited programmes through apprenticeship and learnerships at various levels	POI 201: Number of learners to receive accredited or customised institutional training and continuing	1 100 learners	300 learners	200 learners	284 learners 53 learners completed with practical simulation	84 learners This training started in the previous financial year and was completed this year	More learners were enrolled during the last quarter to accommodate learners who could not be accommodated during 2nd & 3rd quarter in response to stricter Covid-19 social distancing regulations
	Learners on RPL and Trade Testing	POI 202: Number of candidates on RPL and Trade Testing	50 candidates	50 candidates	50 candidates	106 candidates	56 candidates	More learners who were anticipated to return in the new financial year for their 2nd and 3rd year Trade Test Attempt due to time loss during the Covid-19 disturbances passed their First Trade test attempt during this reporting period
PROGRAMME / SUB-PROGRAMME: 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								
Learnerships and Apprenticeships	Learners trained on learnerships and apprenticeship	POI 203: Number of learners trained on learnership and Apprenticeships towards 21st Century Artisan Development	400 learners	345 learners	163 learners	155 learners 21 Continuing in the second year	8 learners	The Entity could not accommodate more than 156 learners, as it had to continue with the training of the 21 second year learners
Provision of workplace training	Learners on workplace training and incubation programme	POI 204: Number of learners targeted for workplace opportunities and incubation programme	200 learners	80 learners	80 learners	65 learners	15 learners	Unavailability of adequate workplace opportunities and incubation programme opportunities
PROGRAMME / SUB-PROGRAMME: COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME								
Business Focus: Upskilling and supporting unemployed youth in rural communities through skills training development programmes.								
Comprehensive Rural Development Programme (CRDP)	Learners trained on the CRDP programmes	POI 205: Number of learners receiving accredited training through skills programmes	720 learners	160 learners	80 learners	78 learners	2 learners	2 learners absconded for personal reasons and did not complete the course.
PROGRAMME / SUB-PROGRAMME: TECHNICAL PRODUCTION								
Business Focus: Secure projects for income generation and to provide workplace training for MRTT learners								
Provision of workplace training through secured projects	Learners receiving coaching and mentoring	POI 206: Number of learners coached and mentored in the workplace	200 learners	200 learners	200 learners	88 learners	112 learners	Unavailability of projects and workplace opportunities to place learners for coaching and mentoring in the workplace
	Projects secured for income generation	POI 207: Number of projects secured for income generation	R 7 413 254	4 projects	5 projects	2 projects	3 projects	Projects are sourced from various public and private entities who were also affected by the declining economy due to the negative impact of Covid-19

LINKING PERFORMANCE WITH BUDGETS

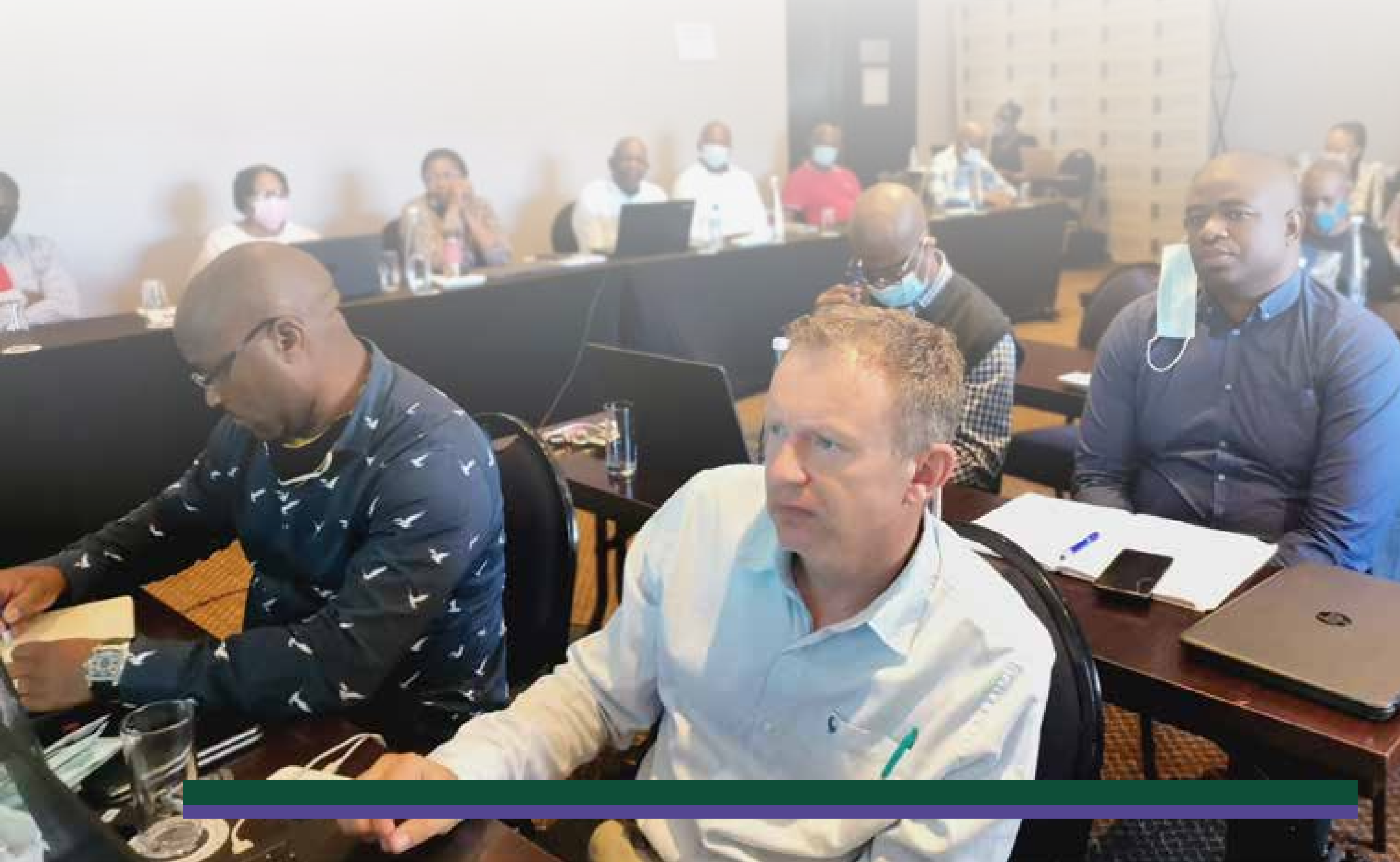
PROGRAMME 2	2021/22			2020/21		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Training centres	15 793	22 928	-7 135	22 272	16 536	5 736
Artisan Development	5 968	6	5 962	8 426	0	8 426
Mobile	6 207	8 537	-2 330	15 212	13 580	1 632
CRDP	2 361	2 196	165	8 055	5 195	2 860
Technical Production	6 543	5 965	578	47 393	14 566	32 827
TOTAL	**36 872**	**39 632**	**-2 760**	**101 358**	**49 877**	**51 481**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the period under review, the programme did not achieve five of its seven performance indicators. To address this situation, the Entity will continue to work with private and public partners to solicit opportunities for incubation and workplace integrated learning. The programme will also strengthen its strategies to try and deal with the issue of learner absconding, it must be noted though that for this financial year, only two learners absconded, which is a huge reduction from the previous financial years. The Entity will also work hard with government departments, public entities and private sector companies to secure projects for revenue generation, and to also use the projects for coaching and mentoring of learners.

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

The Entity does not have standardised indicators, outputs and concurrent functions.



4.3. PROGRAMME 3: CORPORATE SERVICES

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

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

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

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

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

OUTCOME	**Increased learner intake.**
OUTCOME STATEMENT	Increase learner intake of MRTT training programmes through 100 career exhibitions and 100 school visits by 2024.

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

OUTCOME	**Human Resource Management.**
OUTCOME STATEMENT	To attract and retain best talent and support employee advancement through professional development, career development of 50 employees and effectively implement the performance management system by 2024.

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

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

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

This programme provides administrative support to the Entity and the Board of Directors to ensure that the organisation can achieve its mandate. Through this programme, MRTT was able to market its services and training programmes, that included the marketing of the hotel and conference facilities situated in Kanyamazane in Mbombela. The programme also provides administrative, secretariat and legal support to the governance structures within MRTT. Supply Chain Management processes are also provided through this programme to ensure compliance to government prescripts, circulars and policies. As part of the Human Resource Management, the Entity ensured that it has the required human capital with the requisite skills and competencies to assist in working towards achieving its mandate.

The Quality Assurance sub-programme conducted audits on the policies and procedures that are used within the organisation to ensure that they are in accordance with the requirements of the accrediting bodies. Programme approvals and accreditations were maintained to ensure that the qualifications offered to the learners are accredited and registered. As part of its efforts to ensure the sustainability of small business enterprises, the Entity paid its service providers within 30 days. A strategic planning session was held towards the end of this financial year, to assess the work completed against the implementation of the Annual Performance Plan and to develop strategies for the new financial year.

The implementation of the Mpumalanga Skills and Innovation Hub (MISH) is continuing. A workshop on the MISH was held with founding members, internal and external stakeholders. This workshop took resolutions which culminated in the establishment of four task teams on Human Capital, Infrastructure, Funding and Operational Model. These task teams are to support and assist in fast tracking the implementation of the MISH.

For the period under review, this programme achieved 80% of its performance indicators. The issue of the budget cut remained a challenge for the programme as the Entity through its Human Resource Management sub-programme was unable to recruit and fill vacant positions including critical positions. This might pose a challenge for the Organisation in the long run.

TABLE 2.4.4.3: USED TO REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN 2021-22

PROGRAMME / SUB-PROGRAMME: QUALITY ASSURANCE

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Assuring quality of training	Audits conducted on training interventions	POI 301: Number of audits conducted on training interventions	Conduct 4 audits on compliance to internal training policies and procedures and 1 management review.	3 Audits conducted	4 Audits conducted	4 Audits conducted	-	-
	QMS policies and procedures reviewed	POI 302: Number of QMS policies and procedures reviewed in line with ISO 9001: 2015	Review and QMS procedures to ISO 9001: 2015	Review 6 QMS policies and procedures	Review 8 QMS policies and procedures	Reviewed 9 QMS policies and procedures	1 QMS policy and procedure	Review was done for the CETA assessment on policies and procedures
	Training programmes approved and renewed	POI 303: Number of Accredited training programmes approved and renewed with relevant SETAs	Maintained 3 programme approvals with MerSETA, EWSETA and AgriSETA	Renew and maintain primary accreditation with the relevant SETA	Maintain 1 primary accreditation and 3 programme approval with MerSETA, CATHSETA and AgriSETA	Maintained 1 primary accreditation with CETA and 3 programme approvals with MerSETA, AgriSETA and CATHSSETA	-	-
Learning programmes are registered prior to offering	POI 304: Number of learning programmes offered, registered with the relevant SETA	Ensure 100% of learning programmes offered are registered.	100% Learning programmes offered facilitated for registration with SETA	100% Learning programmes offered facilitated for registration with SETA	100% of Learning programmes were registered	-	-	-

PROGRAMME / SUB-PROGRAMME: QUALITY ASSURANCE (CONTINUED)								
Business Focus: Co-ordination and maintenance of quality training processes, and improvement of services.								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Clean Audit opinion	Achieving an Unqualified Audit opinion	POI 305: Percentage of revenue collected annually	80% Revenue to be collected	90% Revenue collected	90% Revenue collected	90% Revenue collected	-	-
	Payment of suppliers within 30 days	POI 306: Percentage of creditors paid within 30 days of receipt of a valid invoice	100% Payment of all creditors within 30 days of receipts of invoice	100% Creditors paid within 30 days of receipt of a valid invoice	100% Creditors paid within 30 days of receipt of a valid invoice	100% Creditors paid within 30 days of receipt of a valid invoice	-	-
	Maintenance of a complete FAR	POI 307: Number of Fixed Assets Registers maintained	Perform quarterly physical verification of fixed assets Reconcile FAR to General Ledger	1 Fixed Asset Register maintained	1 Fixed Asset Register maintained	1 Fixed Asset Register maintained	-	-
	Financial Performance Reports submitted	POI 308: Number of Financial Performance Reports submitted	Prepare and submit Financial Performance Reports to SMCO, Audit Committee and Board of Directors	4 Quarterly Financial Performance Reports submitted to Audit Committee and Board of Directors	4 Quarterly Financial Performance Reports submitted to Audit Committee and Board of Directors	4 Quarterly Financial Performance Reports submitted to the Audit Committee and Board of Directors	-	-
		POI 309: Number of approved Annual Financial Statements submitted to the Auditor General and Provincial Treasury by the 31 May	Submission of Annual Financial Statement before on/or due date 31st May	1 Approved Annual Financial Statements submitted 31st May	1 Approved Annual Financial Statements submitted by 31st May	1 Approved Annual Financial Statements submitted by the 31st May	-	-

PROGRAMME / SUB-PROGRAMME: MARKETING								
Business Focus: Provision of marketing and communication services. Market the Entity's products and services to attract suitable candidates and potential clients-strengthen stakeholder relations through constant communication.								
Increased learner intake	Recruit learners to enrol with the MRTT	POI 310: Number of learner recruitment drives undertaken	6 Learner recruitment advertisements (print/ electronic media)	8 Learner recruitment advertisements	14 Learner recruitment advertisements	15 Learner recruitment advertisement	1 Learner recruitment advertisement	More learner recruitment advertisements were placed to recruit more learners to enrol with the Entity
			25 Career and Stakeholder exhibitions	18 Career exhibitions	25 Career exhibitions	18 Career exhibitions	7 Career exhibitions	The Entity attended less career exhibitions as there were no invitations from stakeholders due to the Covid-19 restrictions
			Conduct 25 school visits	18 School visits	25 School visits	72 School visits	47 School visits	The Entity sent more presentations to various schools to market the MRTT offered training programmes and services

PROGRAMME / SUB-PROGRAMME: MARKETING

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Increased learner intake	Corporate advertising	POI 311: Number of corporate advertisements	New	12 Corporate advertisements	14 Corporate advertisements	25 Corporate advertisements	11 Corporate advertisements	The Entity placed more adverts to market the MRTT Hotel products and facilities
			New	6 Newsletters published	8 Newsletters published	9 Newsletters	1 Newsletter	The Entity released an additional newsletter to inform its stakeholders of developments that happened in that period

PROGRAMME / SUB-PROGRAMME: ADMINISTRATION AND SUPPLY CHAIN MANAGEMENT

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Administrative Support Management	Advance transformation and support to SMME's	POI 312: Percentage spent increased on BBBEE against the total procurement spent	Verify TAX compliance of utilised suppliers on the CSD	60% Spent on B-BBEE	70% Spent on B-BBEE	62% Spent on B-BBEE	8% Not spent on B-BBEE	Most of the invoices paid were not from the B-BBEE, this is due to the late delivery and late submission of invoices by the service providers
	Process 100% of requisitions within 15 working days	POI 313: Turnaround time for requisition received	Process 50% of requisitions received within 20 working days	Process 80% of requisitions received within 15 working days	Process 90% of requisitions received within 10 working days	50.43% requisitions processed within 10 working days	39.66% Not spent on B-BBBEE	Most requisitions were cancelled due to duplications, and some returned to the end-users to rectify the specifications to enable MRTT buyers to process unambiguous specifications
	Maintenance of disaster recovery plan	POI 314: Number of disaster recovery plans maintained	Maintain the disaster recovery plan and business continuity strategy	1 Disaster recovery plan maintained	1 Disaster recovery plan maintained	1 Disaster recovery plan maintained	-	-
	Implementation of a record management system	POI 315: Number of records management systems implemented	Implementation of the approved Records Management System	1 Records management system implemented	1 Records management system implemented	1 Records management system implemented	-	-

PROGRAMME / SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT

Business Focus: Provision of effective Human Resource Management services.

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Human Resource Management	HRM strategy developed and approved	POI 316: Number of Human Resource Management strategies developed	New	1 HRM strategy developed	1 HRM strategy implemented	HRM strategy not developed	Development of the HRM strategy	Draft HRM strategy has been developed and it will be presented to stakeholders for consideration, recommendation and approval

PROGRAMME / SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT								
Business Focus: Provision of effective Human Resource Management services.								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Annual Target 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
Human Resource Management	Building capacity on the PM system	POI 317: Number of performance management capacity building/ support sessions conducted	4 Performance Management Capacity Building/ support sessions conducted	3 PMS capacity building sessions conducted	4 PMS capacity building sessions conducted	2 PMS capacity building sessions conducted	2 PMS capacity building sessions not conducted	The Entity was unable to conduct the capacity building session due to lockdown restrictions especially at the beginning of the financial year
	Development of the EE plan and WSP	POI 318: Number of HRM compliance reports and plans submitted to relevant institutions	01 Workplace Skills plan and Training Report (WSP and ATR) submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA 1 EE plan and EE report submitted to Dept. of Employment and Labour	1 WSP and ATR submitted to ETDPSETA 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 the Dept. of Employment and Labour	-	-
PROGRAMME / SUB-PROGRAMME: CEO'S OFFICE								
Business Focus: Provision of support to the Board of Directors through corporate governance and legal secretariat services.								
Legal and Secretarial Management	Provision of legal and secretaries support to the Board and SMCO	POI 319: Adherence and compliance to statutory requirements	Advise the Board of Directors and Senior Management on resolutions, company Policies and applicable Legislation Facilitate performance evaluation of the Board of Directors and Board Sub- Committees Sign the Board of Directors performance agreements (Shareholders Compact) Presentation / Review Memorandum of Incorporation and Board Charter. Coordinate training and provide training material for Board of Directors and Board Sub-Committees	Evaluate the performance of the Board Sub-Committees Facilitate the signing of the Board of Directors Shareholders Compact Review of Memorandum of Incorporation and Board Charter. Coordinate training for Board Sub-Committees	Evaluate the performance of the Board Sub-Committees Facilitate the signing of the Board of Directors Shareholders Compact Review of Memorandum of Incorporation and Board Charter. Coordinate training for Board Sub-Committees	Evaluated the performance of the Board Sub-Committees Facilitated the signing of the Board of Directors Shareholders Compact Reviewed the Memorandum of Incorporation and Board Charter. Coordinated the training for Board Sub-Committees	-	-

PROGRAMME / SUB-PROGRAMME: CEO'S OFFICE (CONTINUED)

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

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Legal and Secretarial Management	Provide administrative support to the Board, Committees and Management	POI 320: Number of Board and Senior Management meetings coordinated	Facilitate the 12 SMCO, 4 Risk Management Committee, 4 Finance and Remco meeting ;4 Marketing and Technical Meeting ;4 Audit and Risk Committee and 4 Quarterly Board Committee Meetings	12 SMCO, 4 Risk Management Committee, 4 Finance & Remco meeting; 4 Marketing and Technical Meeting; 4 Audit Committee and 4 Quarterly Board meetings	12 SMCO, 4 Risk Management Committee, 4 Finance & Remco meeting; 4 Marketing and Technical Meeting; 4 Audit Committee and 4 Quarterly Board meetings	SMCO-29 Risk Man-4 Remco-9 Marketing-5 Audit Comm-9 Board-13	SMCO-17 Remco-5 Marketing-1 Audit-5 Board-9	Special meetings were held by SMCO, Board, and its Committees for discussion and approval of the recruitment / selection of the MRTT CEO, APP and Budget for 2022/2023 financial year
	Provision of legal services to the Board and Management	POI 321: Number of days to respond to legal matters brought to the legal services	Attend to all legal matters within 14 days.	Matters responded to within 14 days	Matters responded to within 14 working days	Matters responded to within 14 working days	-	-

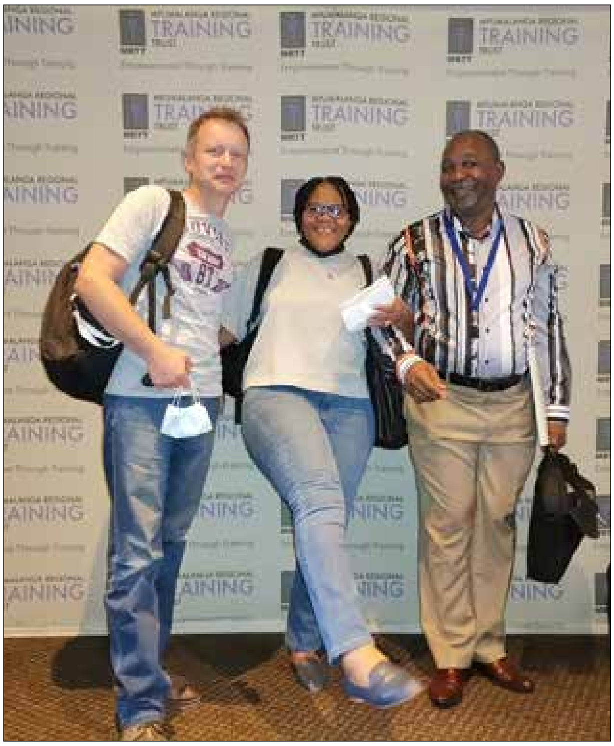
PROGRAMME / SUB-PROGRAMME: PLANNING AND PERFORMANCE INFORMATION

Business Focus: Provision of monitoring and evaluation of organisational performance, strategic planning and performance reporting.

Monitoring and Evaluation	Quality reports compiled	POI 322: Number of quarterly and annual reports compiled	1 Annual report; and 4 Quarterly Performance Reports compiled and submitted to the Department of Education	1 Annual report 4 Quarterly reports	1 Annual report 4 Quarterly reports	1 Annual Report 2020-21 4 Quarterly reports	-	-
	Facilitate integrated planning within the entity	POI 323: Number of APPs compiled and approved	1 APP developed and 1 Strategic Planning	1 Annual Performance Plan	1 Annual Performance Plan developed	1 Strategic Planning session held.	APP 2022/23 developed and tabled	1 Strategic planning session held
	Quality and credible reporting	POI 324: Number of performance review sessions conducted by Management	4 Quarterly review sessions conducted.	4 Quarterly review sessions conducted.	4 Quarterly review sessions conducted.	6 Quarterly review sessions conducted	2 Quarterly review sessions conducted	Additional sessions were conducted by management led by the Acting CEO to assess the quarterly reports for accuracy and credibility
	Verification of reported information and evidence	POI 325: Number of physical/ evidence verifications conducted	16 Physical Verifications conducted	12 Physical verifications conducted	8 Physical verifications conducted	12 Physical verifications conducted	4 Physical verifications conducted	Additional projects were verified, which were not verified before

ESTABLISHMENT OF THE PROVINCIAL SKILLS AND INNOVATION HUB KEY ACHIEVEMENTS

Seriti Resources was approached to renovate the MRTT House. The company agreed to renovate the MRTT House and to build four additional offices and a boardroom. The renovations of the MRTT House have commenced since August 2021. A project management company (Tshawe PRDC JV) was appointed in April 2021 for the implementation of MISH on the N12. The main achievements in this regard are the land surveying work which was completed, geotechnical investigation was completed, concept design was completed, town planning was initiated, and the initial application submitted had to be reviewed based on the MISH requirements, and this was revised to a full township development application including converting the description on the title deed to suit the institutional requirements. The traffic impact study was initiated but could not be conducted fully due to the Covid-19 restrictions, which affected normal traffic patterns and the delay in the approval of the concept meant that the site /development plan could not be completed. Environmental Impact Assessment was done, and a report was submitted to Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA).



LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2	2021/22 Budget R'000	2021/22 Actual Expenditure R'000	2021/22 (Over)/Under Expenditure R'000	2020/21 Budget R'000	2020/21 Actual Expenditure R'000	2020/21 (Over)/Under Expenditure R'000
Quality assurance	1 391	1 224	167	1 598	1 161	437
Finance	8 856	17 487	-8 631	10 970	19 837	-8 867
Marketing	2 039	2 452	-413	3 570	2 686	884
Administration	14 132	16 987	-2 855	14 426	13 707	719
Human Resources	6 660	2 500	4 160	8 178	4 540	3 638
CEO	9 888	15 169	-5 281	10 417	9 939	478
TOTAL	**42 966**	**55 819**	**-12 853**	**49 159**	**51 870**	**-2 711**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

For the period under review the programme did not achieve five of its twenty-five performance indicators. The programme did not achieve its target on the percentage spent of B-BBEE due to late submission of invoices by service providers, and the Entity will need to develop a system to follow up on outstanding invoices with service providers to ensure that the invoices are processed on time. The turnaround time to process requisitions was also compromised by cancellations and duplications that were then sent back to end users to correct. The organisation will work with end users to correct and ensure that there are no delays to process the requisitions. MRTT was unable to complete the process of the development of the human resource development strategy due to capacity constraints within the sub-programme. This process will be completed before the end of the second quarter in the new financial year. The process of conducting capacity building sessions within the organisation on the performance management system, is being rolled out and the sessions will be completed accordingly.

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

MRTT does not have standardised indicators, outputs and concurrent functions.

REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Table: Progress on Institutional Response to the Covid-19 Pandemic

Budget Programme	Intervention	Geographic location	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Corporate Services/ Human Resources	Put measures in place to prevent the COVID -19 spread in the workplace	Mpumalanga – Nkangala District Municipality Emalahleni	83 Employees eMalahleni and Nelspruit	Youth, women and people living with disabilities	516 250	34 794	The budget was able to assist the entity to minimise the impact of Covid-19 on the implementation of the APP	The Entity was able to provide training to learners
	Deep cleaning	MRTT Head Office	25 Employees	Youth, women and people living with disability				The Entity was able to provide training to learners
	Provide the face musk to all employees and sanitizers	Emalahleni Training Centre	21 Employees					
	Purchase the screen shield for all the centres	Ekandustria / Training Centre	83 Employees					
	Screening of all employees in the call centre	Kabokweni Training Centre	04 Employees					

5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of public entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Not applicable to the entity				

5.2. TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the Entity
Not applicable to the entity						

6. CONDITIONAL GRANTS

6.1. CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

Not applicable to the entity

6.2. CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

Not applicable to the Entity

7. DONOR FUNDS

7.1. DONOR FUNDS RECEIVED

Not applicable to the Entity

8. REVENUE COLLECTION

Sources of revenue	2021/2022			2020/2021		
	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
Exchange Transaction	20 225	24 899	4 674	86 295	24 096	-62 199
Non-Exchange Transaction	38 350	38 350	-	94 129	86 515	-7 614
TOTAL	**58 575**	**63 249**	**4 674**	**180 424**	**110 611**	**-69 813**

9. CAPITAL INVESTMENT

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

  The entity spent R421 545 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**

  The entity is in the process of upgrading the MRTT House to be utilised for Skills Hub purposes, the progress is at 90% as at year end

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

  None - the developments are funded by Seriti

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

Asset Class	Reason for Disposal
Land and buildings	No disposal in the year under review
Computer equipment	No disposal in the year under review
Computer software	No disposal in the year under review
Machinery and Equipment	No disposal in the year under review
Domestic equipment	No disposal in the year under review
Motor vehicles	No disposal in the year under review

- **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 and 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	2 633	50.80%
Normal	2 472	47.69%
Fair	78	1.50%
TOTAL	**5 183**	

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

  The entity is in the process of upgrading the MRTT House to be utilised for Skills Hub purposes, the progress is at 90% as at year end

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

  None

PART C
GOVERNANCE

1. INTRODUCTION

The Mpumalanga Regional Training Trust is a Public Entity, listed under Schedule 3C of the Public Finance Management Act No.1 of 1999. In addition to legislative requirements, the Entity's Corporate Governance is applied in terms of the Companies Act and the principles of King IV report on corporate governance. The Member of the Executive Council for the DoE has appointed the Board of Directors to govern and represent the Entity. The Board, as the Accounting Authority, provides strategic direction to the Organisation and monitors achievement of mandate, goals and strategic objectives.

2. PORTFOLIO COMMITTEES

COMMITTEE	DATES	ISSUES RAISED
Standing Committee on Public Accounts	18 May 2021	Issues raised by the AGSA. The Entity developed an Audit Action Plan to address and monitor progress on how the Entity addresses the audit findings. Ability of the Entity to generate revenue through the establishment of a revenue generation committee
Committee on Education, Culture, Sport and Recreation	19 August 2021	Report on the status of MRTT functionality (Governance, Leadership and Administration, including steps taken to address issues raised in the media, steps to improve overall efficiency of the Entity)
Committee on Education, Culture, Sport and Recreation	24 August 2021	Report on the forensic investigation into the irregular expenditure and suspension matters inter alia (ACEO to present the report with findings and recommendations). Report on the MISH (including expenditure report to date)
Committee on Education, Culture, Sport and Recreation	25 November 2021	Discussion on the progress made on the house resolutions for 2019/20 Annual Report.
Committee on Education, Culture, Sport and Recreation	03 March 2022	Discussion on the Quarterly Report of the Entity
Standing Committee on Public Accounts	10 March 2022	Discussion on the audit outcomes of the Mpumalanga Regional Training Trust

3. THE EXECUTIVE AUTHORITY

The shareholder representative is the MEC for Education (DoE) in the Mpumalanga Province. The MEC concludes performance agreements (Shareholders Compact) with the Executive Authority on an annual basis outlining the key performance areas and indicators to be achieved by the Entity. MRTT provides quarterly reports to the Shareholders, in addition to attending the DoE Senior Management team meetings.

4. BOARD OF DIRECTORS

The MRTT is governed and represented by the Board of Directors ("the Board") appointed by the MEC of Education. The Board is committed to a high standard of business integrity, accountability and transparency. The Board reports to the MEC of Education on a quarterly and annual basis on the overall performance of the entity. An annual self-assessment review process has been developed for the Board, individual Directors and its Sub-Committees.

The Board meets at least four times a year, and special meetings are convened at short notice to consider specific Board operational matters. The Board delegates specific responsibilities to the Sub-Committees that are chaired by Board Members and Independent Audit Committee Chairperson and Risk Management Committees..

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 expenditure.
- Ensure that there is an effective, risk based internal audit function, as well as effective governance of risk management and information technology infrastructure.

- Ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and MRTT's Internal Governing Documents and Codes of Conduct.
- Ensure the Entity has an effective and independent Audit Committee.
- Approval of budget and Financial Statements.
- Determine, oversee and revise the human resources policies and human resources strategies of MRTT.
- Appoint and evaluate the performance of the Chief Executive Officer.

BOARD CHARTER

The Board Charter sets out the roles, duties and responsibilities of the Board including the principles of corporate governance. The Board and Committee Charters are revised annually to ensure effectiveness and relevance.

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams
Mr PP Maoko	Chairperson	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 (NUM)	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 of various committees	Finance and Remuneration Marketing and Technical Committee
Ms TE Mawelele	Deputy Chairperson	03-12-2018	Still serving	LLM (Corporate Law) LLB Diploma Insolvency and Commercial litigation certificate	Admitted Attorney and full Time Lecturer at the University of Mpumalanga	Director TE Mawelele Board Member at MER and Mpumalanga Consumer Affairs Court Chairperson of Compliance Committee MER Audit Committee Member Bushbuckridge Local Municipality; former Lecturer TUT	Finance & Remuneration Committee
Mr TR Thipe	Board Member	03-12-2018	Still serving	Higher National Diploma and Honours in Chemical Engineering from Teesside University in England 1990-2001 Engineering Management Programme from University of Pretoria	Engineering	Amatola Water Board.	Marketing and Technical Committee Finance and Remuneration Committee Audit Committee
Mr B Sibanyoni	Board Member	03-12-2018	Still serving	Certificate in Executive Leadership in Municipal Development.	Property Development	Managing Director Mpisana Properties Former Chief Whip Thembisile Local Municipality	Marketing and Technical Committee Audit Committee and Finance and Remuneration Committee

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams
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 Organisation (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 and 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 and Remuneration Committee and Audit Committee
Mr MB Singwane	Board Member	03-12-2018	Still serving	LLB	Practising Attorney	Chairperson of the Mental Health Review Board for Mpumalanga Dept of Health Board Member at Komati Basic Water Authority	Audit Committee
Mr 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 Tshwate Current Deputy Secretary of SACP.	Current Deputy Secretary of SACP Member of Regional Committee Appeals Committee for Dept. of Labour	Marketing and Technical Committee Audit Committee Finance and Remuneration Committee

BOARD COMMITTEES

The Board Committee constitute an important element of the governance process and enhances the efficiency of the Board. The entity currently has the following Committees.

Committee	No. of meetings held	No. of members	Name of members
Senior Management Committee	18	05	• Mr MS Makgoba • Ms. Z Khoza • Mr M Jafta • Mr B Hlatshwayo • Mr S Shungube • Ms K Mohlala • Mr W Magwandana
Marketing and Technical Committee	05	06	• Mr PP Maoko • Mr MI Tibane • Mr B Sibanyoni • Mr TR Mokgoshi • Ms LM Motshwane • Ms TE Mawelele
Finance and Remuneration Committee	06	08	• Mr PP Maoko • Mr Sibanyoni • Mr HH Nkanyane • Ms LM Motshwane • Mr BM Singwane • Mr MI Tibane • Ms TE Mawelele • Mr TR Mokgoshi
Risk Management Committee	05	06	• Mr R Tshimomola (Independent Chairperson) • Mr MS Makgoba • Mr MG Jafta • Mr B Hlatshwayo • Ms Z Khoza • Mr SC Shungube
Audit Committee	09	06	• Dr DR Mango (Independent Chairperson) • Mr MB Singwane • Mr B Sibanyoni • Mr MI Tibane • Mr HH Nkanyane • Mr TR Mokgoshi
Board of Directors	09	08	• Mr PP Maoko • Mr TR Mokgoshi • Ms TE Mawelele • Mr HH Nkanyane • Ms LM Motshwane • Mr MB Singwane • Mr B Sibanyoni • Mr MI Tibane

* NB: Effective from the 26 November 2021, Mr PP Maoko was appointed as chairperson of the board.

* Effective from 03 February 2022, Ms TE Mawelele resigned

5. RISK MANAGEMENT

MRTT has a Risk Management Policy and Strategy that has been approved and implemented. The Entity has a Risk Management Committee that advises Management and the Board on the overall system of risk management, especially the mitigation of unacceptable levels of risks. Throughout the year, the Risk Management Committee together with Management, identified new and emerging risks and these were reported to the Board and managed.

The Audit Committee performs an oversight function and advises the Board primarily on matters relating to risks that MRTT is and may be exposed to. During the period under review, Management developed a consolidated Operational Risk Register for the sub-programmes, to ensure that risks are understood, and that the controls necessary to mitigate these risks are in place.

6. FRAUD AND CORRUPTION

The MRTT manages fraud, corruption, maladministration, and any other dishonest activities in accordance with its Fraud and Corruption Prevention Policy and Whistle Blowing Policy that was adopted. These policies provide guidance on how employees and other stakeholders can raise concerns with appropriate line management or via the whistle-blowing hot-line, when they have reasonable grounds to believe that there are irregular activities involving the MRTT.

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 commits to provide protection to whistle blowers that has made a protected disclosure in terms of this policy.

7. MINIMISING CONFLICT OF INTEREST

The Board and staff members are required to declare any conflict of interest in matters that are considered by the Board. In addition, Board members are required to provide an annual declaration of conflict of interest. At every meeting there is a platform of declaration of interest for matters on the agenda for the meeting.

To manage the risk of conflict of interest, it is a requirement that all officials 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 recusal be made and that the matter of conflict be declared and registered.

8. CODE OF CONDUCT

The MRTT Code of Conduct and Code of Ethics sets out the standard social norms, regulations and responsibilities that employees must adhere to in performing their duties. The MRTT confirms and acknowledges its responsibility to comply with the PFMA and Treasury Regulations and where applicable the Principles of Corporate Governance as recommended by King IV.

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

9. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Board of the MRTT is committed to ensuring a safe and healthy workplace for all its employees, visitors and invitees. The MRTT complies with all relevant legislation, in particular, the Occupational Health and Safety Act (OHSA). This includes monitoring risks in the workplace, addressing reported incidents, and responsibility among employees around serious diseases.

The Entity has appointed an OHS Officer and established a committee to oversee health and safety issues across the organisation. Due to the impact of Covid-19 Pandemic, the Entity established a Compliance Committee to deal solely with daily matters related to health and safety of employees during the outbreak. The OHS representatives were appointed and capacitated to ensure compliance with the Act

10. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
Strengthen the monitoring and implementation of the Post Audit Action Plans	Entity to develop Audit Action Plans for audit findings	Entity to ensure that audit findings are reduced and repeat findings do not recur	The Entity has developed the Audit Action Plan and monitors the plan on a monthly and quarterly basis	Yes
Fast track the condonation of all Irregular Expenditure	Follow the Treasury guidelines on the condonation of all Irregular Expenditure	The Entity to ensure that all Irregular Expenditure is condoned by the Treasury	The Entity has taken appropriate steps to fast track the condonation of all Irregular Expenditure by subjecting the Irregular Expenditure to a determination test as per the Annexure A of the National Treasury framework on Irregular Expenditure.	Yes
Ensure that Irregular Expenditure does not recur	Avoid Irregular Expenditure	The Entity to ensure that it follows the PFMA and SCM prescripts to avoid Irregular Expenditure	The Entity has put internal control measures and processes in place to avoid irregular expenditure and where such occur it is investigated through the Internal Auditors (determination test) with a view of acting against those found to have flouted the SCM processes	Yes
Ensure that all financial statements submitted for auditing are prepared timeously and in accordance with the prescribed financial reporting framework	Follow prescribed financial reporting frameworks to develop Annual Financial Statements (AFS)	Entity to ensure that its AFS are developed in compliance with set financial frameworks	The Entity has put in place measures and processes to verify and ensure that the AFS are free of any material misstatements. The AFS were subjected to a number of reviews internally by the various governance structures (Finance and Remuneration Committee, Audit Committee and Board of Directors) and externally by the internal auditors	Yes
Ensure that the AFS of the Royal Hotel Pilgrim's Rest are finalised in time to be submitted to the AG for auditing process	Submit the Annual Financial Statements of the Royal Hotel on time for auditing	Entity to ensure that the financial statements are prepared and submitted on time to the AGSA	The AFS of the Royal Hotel were duly submitted for audit on the 31 May 2022 and the audit was finalised by the 31 July 2022. All required documents were submitted to the auditors as they request them	Yes

11. PRIOR MODIFICATIONS TO AUDIT REPORTS

The entity hasd developed an audit action plan for all issues raised by the AGSA. The entity has received a qualified audit opinion.

12. INTERNAL CONTROL UNIT

Internal Control is an integral part to the establishment of a conducive control environment in the Entity. 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.

MRTT maintains internal controls and systems designed to provide reasonable assurance about the integrity and reliability of its annual report. Some of the controls are also based on established policies and procedures and are implemented with appropriate segregation of duties and responsibilities.

13. INTERNAL AUDIT AND AUDIT COMMITTEES

ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

The Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation operations. The primary purpose of the internal audit function is to provide its stakeholders with independent assurance and insight on the adequacy and effectiveness of amongst other things, the MRTT's governance, internal controls, risk management and financial management systems and the quality of performance of its business operations as evaluated against agreed performance standards.

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 Plan 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 that were conducted, amongst others, in the following areas include:

- Internal Audit Charter.
- Approved MRTT Internal Audit Coverage Plan for 2021/2022 financial year.
- Determination Test.
- Audit of Predetermined Objectives.
- Supply Chain Management review.
- Human Resource Management.
- Information Technology Audit.
- Asset Management Audit.
- Financial Discipline.

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 to the Entity's mandate and strategic objectives.
- Review and approve the scope of activities of the internal audit function, ensuring that it covers the key risks and that there is an alignment with the external auditor (AGSA), assess the effectiveness of the internal audit function.
- Report to relevant stakeholders, including the Board regarding the Committee activities, issues and related recommendations.
- Monitoring compliance with laws, regulations and policies.
- The review and approval of the Internal Audit Charter.
- Resolving any disagreements between Management and the auditors regarding financial reporting.
- Adoption of the formal terms of reference in the form of Audit Committee Charter that has been approved by the Board of MRTT.
- To conduct its affairs in compliance with the Board Charter and discharge its responsibilities as set out in the Charter. The Committee meets four times a year and when the need arises, a special meeting is 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
Dr DR Mango	Doctor of Business Administration Degree: Master of Business Administration (MBA) Certificate: Local Democracy and Governance Diploma: Postgraduate 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	Still serving
Mr TR Mokgoshi	Higher National Diploma and Honours in Chemical Engineering from Teesside University in England 1990-2001 Engineering Management Programme from University of Pretoria.	External	External	06-12-2021	Still serving
Mr MB Singwane	LLB	External	External	18-02-2019	Still serving
Mr B Sibanyoni	Certificate in Executive Leadership and Municipal Development.	External	External	18-02-2019	Still serving
Mr MI Tibane	Certificate Programme in Management Development for Municipal Finance	External	External	24-03-2021	Still serving
Mr HH Nkanyane	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	External	External	06-12-2021	Still serving

14. AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the financial year ended 31 March 2022, as required by section 51 of the Public Finance Management Act 1, 1999 (PFMA) read with the Treasury Regulations.

AUDIT COMMITTEE RESPONSIBILITY

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

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee confirms that the system of internal control applied by the Entity over 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 and process.

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

- Internal Audit Charter.
- Approved MRTT Internal Audit Coverage Plan for 2021/2022 financial year.
- Determination Test.
- Audit of Predetermined Objectives.
- Supply Chain Management review.
- Human Resource Management.
- Information Technology Audit.
- Asset Management Audit.
- Financial Discipline.
- AGSA follow-up report.

A few specific control weaknesses were noted, especially regarding the Supply Chain Management Process and Information Technology and Financial Management, however, controls evaluated are adequate, appropriate, and partially effective to provide reasonable assurance that risks are being managed and objectives should be met.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

The public entity has submitted monthly and quarterly reports to the Executive Authority, for the financial and non-financial performance of the entity as required by PFMA and Treasury Regulations.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the Annual Financial Statements prepared by the Public Entity.

AUDITOR'S REPORT

We have reviewed the Public Entity's Action Plan on the reported audit findings raised in the prior year and we are satisfied that the majority of 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: 13 July 2022

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Entity does not issue any licences.
Developing and implementing a preferential procurement policy?	Yes	In its Supply Chain Management Policy and also according to National Treasury there is preferential points scored for B-BBEE and also according to Regulation 2017. There is a portion where the Entity must indicate whether the company must have either Exempted Micro Enterprise (EMEs) or Qualifying Small Enterprise (QSEs).
Determining qualification criteria for the sale of state-owned enterprises?	No	-
Developing criteria for entering partnerships with the private sector?	Yes	The Entity is a training institution bound to have partnerships with private and public training institutions to ensure that during the training learners undergo experiential training.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Entity does not have a criteria, however, according to the compliance with National Development Plan and the Provincial Plan, Entities, departments are urged to promote Economic Transformation, by promoting B-BBEE in terms of B-BBEE spent, which means a certain percentage is set to promote B-BBEE in their businesses in terms of supply and delivery of goods and services.

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources Management (HRM) function within the entity provides support in terms of recruitment of staff, salaries and employee wellness. The period under review, the HRM was functional and executed its responsibilities with diligence and effectively. There is currently understaffing within the sub-programme, and due to financial constraints the positions cannot be filled and this is posing challenges within the sub-programme. By the end of the financial year 2021-22, the vacancy rate was at 20%.

2. OVERVIEW OF HUMAN RESOURCES

The Human Resource Management sub-programme within the entity (MRTT) focuses on ensuring that the entity has capable and competent officials who ensures that the mandate of the entity is implemented to achieve the vision of the entity. The HRM also developed a workplace skills plan with a view of ensuring that the skills gaps within the programmes are attended to.

Due to financial constraints the entity had to stall the process of reviewing its organisational structure, this also had an impact on the filling of vacant positions causing a high vacancy rate.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2021 and 31 March 2022

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	16 966	12 117	9	0	99.43%	367
Technical Training Operations	39 632	15 067	23	0	99.84%	682
Corporate Services	55 819	23 872	85	0	99.91%	770
Total	**112 417**	**51 056**	**117**	**0**	**100%**	**1 819**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

Programme	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	2 193	4.23%	29	75
Skilled (level 3-5)	6 258	12.25%	55	113
Highly skilled production (levels 6-8)	25 621	49.47%	30	854
Highly skilled supervision (levels 9-12)	9 611	18.82%	9	1 067
Senior and Top management (levels 13-16)	7 373	14.44%	3	2 457
Total	51 056	100%	126	405

3.2 EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
HTA	43	35	8	6
Technical Training Operations	33	26	7	32
Corporate Services	29	23	6	8
Total	105	84	21	46*

*Refers to fixed term contractors

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	16	12	4	6
Skilled (Level 3-5)	35	28	7	2
Highly skilled production (Levels 6-8)	36	33	3	38
Highly skilled supervision (Levels 9-12)	13	9	4	0
Senior and Top management (Levels 13-16)	5	2	3	0
Total	**105**	**84**	**21**	**46***

*Refers to fixed term contractors

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	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	4	44.4%	0
Total	**14**	**5**	**38.4%**	**0**

3.3 FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2022

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	2	50%	2	50%
Salary Level P5	9	4	66.6%	5	44.4%
Total	**14**	**6**	**42.8%**	**6**	**57.2%**

Table 3.3.2 SMS post information as on 30 September 2021

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	100%	1	100%
Salary Level P3	4	2	50%	2	50%
Salary Level P5	9	5	55.5%	4	45.5%
Total	14	7	50%	7	50%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 and 31 March 2022

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in six months of becoming vacant	Number of vacancies per level filled in six months of becoming vacant	Number of vacancies per level not filled in six months but filled in 12 months
Salary Level P1	1	0	0
Salary Level P3	0	0	0
Salary Level P5	1	0	0
Total	2	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
The positions could not be filled within six months as advertised due to recruitment processes that took longer and suitability 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 constraints, as the entity had a huge budget cut on its allocation from the oversight 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 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
No disciplinary steps taken for not complying with the prescribed timeframes due to reasons not caused by any individual or official.

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 any individual or official.

3.5 JOB EVALUATION

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2021 and 31 March 2022

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 (Levels1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0	0
Senior Management Service P1	0	0	0	0	0	0	0
Senior Management Service P3	0	0	0	0	0	0	0
Senior Management Service P5	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

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 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Lower Skilled (Levels1-2)	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 Service P1	0	0	0	0
Senior Management Service P3	0	0	0	0
Senior Management Service P5	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 and 31 March 2022

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	0	0	0	**0**

3.6 EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of employees at beginning of period April 2021	Appointments and transfers into the Entity	Terminations and transfers out of the Entity	Turnover rate
Lower skilled (Levels 1-2)	12	0	1	1
Skilled (Levels3-5)	24	0	1	1
Highly skilled production (Levels 6-8)	30	0	0	0
Highly skilled supervision (Levels 9-12)	9	0	1	1
Senior Management Service P1	0	0	1	1
Senior Management Service P3	2	0	0	0
Senior Management Service P5	7	0	2	2
Fixed-term Contracts	0	0	0	0
Total	**84**	**0**	**6**	**7.1**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Number of employees at beginning of period April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Management Service P1	0	0	1	1
Senior Management Service P3	2	0	0	0
Senior Management Service P5	7	0	2	2
TOTAL	**9**	**0**	**3**	**3**

Table 3.5.3 Reasons why staff left the entity for the period 1 April 2021 and 31 March 2022

Termination Type	Number	% of Total Resignations
Death	0	0%
Resignation	4	66.6%
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	2	33.3%
Transfer to other Public Service Departments	0	0%
Other	0	0%
Total	**6**	**100%**
Total number of employees who left as a % of total employment	**11.9%**	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 and 31 March 2022

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 Service P1	0	0	0	0	0
Senior Management Service P3	0	0	0	0	0
Senior Management Service 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 2021 and 31 March 2022

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
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0
Senior Management (Level P1-5)	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

3.5 JOB EVALUATION

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2022

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	3
Professionals	3	0	0	1	4	0	0	0	7
Technicians and Associate Professionals	29	0	0	0	7	0	0	0	36
Clerks	11	0	0	0	12	0	0	0	23
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	4	0	0	0	11	0	0	0	15
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	**49**	**0**	**0**	**1**	**34**	**0**	**0**	**0**	**84**
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

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	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced Specialists and mid-Management	3	0	0	1	4	0	0	0	8
Skilled technical and academically qualified workers, Junior Management, Supervisors, Foreman and Superintendents	29	0	0	0	11	0	0	0	40
Semi-skilled and discretionary decision making	11	0	0	0	7	0	0	0	18
Unskilled and defined decision making	4	0	0	0	12	0	0	0	16
Total	**49**	**0**	**0**	**1**	**34**	**0**	**0**	**0**	**84**

Table 3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

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									
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 3.6.4 Promotions for the period 1 April 2021 to 31 March 2022

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									
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 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced Specialists and mid-Management	1	0	0	0	1	0	0	1	3
Skilled technical and academically qualified workers, Junior Management, Supervisors, Foreman and Superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**2**	**0**	**0**	**1**	**2**	**0**	**0**	**1**	**6**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management Service P1	0	0	0	0	0	0	0	0	0
Senior Management Service P3	0	0	0	0	0	0	0	0	0
Senior Management Service P5	0	0	0	0	0	0	0	0	0
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Skilled (Levels3-5)	0	0	0	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	1	0	0	0	0	0	0	0	1
Technicians and associate professionals	2	0	0	1	3	0	0	0	6
Clerks	3	0	0	0	4	0	0	0	7
Service and sales workers	2	0	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	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	2	0	0	0	2
Total	**8**	**0**	**0**	**1**	**9**	**0**	**0**	**0**	**18**
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.8 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

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
Director-General/ Head of Department	5	3	3	100%
Salary Level 16	13	9	9	100%
Salary Level 15	0	0	0	0
Salary Level 14	0	0	0	0
Salary Level 13	0	0	0	0
Total	**18**	**12**	**12**	**100%**

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022

Reasons
Not applicable

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022

Reasons
Not applicable

3.8 PERFORMANCE REWARDS

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 to 31 March 2022

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
Colored	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 2021 to 31 March 2022

Race and Gender	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 (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 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 2021 to 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Senior Management Service P1	0	0	0	0	0
Senior Management Service P3	0	0	0	0	0
Senior Management Service P5	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 2021 to 31 March 2022

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**

3.9 FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band for the period 1 April 2021 and 31 March 2022

Salary band	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 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 2021 and 31 March 2022

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
-	0	0	0	0	0	0
-	0	0	0	0	0	0

3.10 LEAVE UTILISATION

Table 3.10.1 Sick leave for the period 1 January 2021 to 31 December 2021

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)
Lower Skills (Levels 1-2)	65	6.15%	4	4.75%	16	105
Skilled (Levels 3-5)	41	9.75	4	9.75%	10	114
Highly skilled production (Levels 6-8)	165	6.65%	11	6.65%	15	30
Highly skilled supervision (Levels 9 -12)	47	12.75%	6	12.75%	7	837
Top and Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**318**	**35.3%**	**25**	**33.9%**	**48**	**1 086**

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2022

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 Skills (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	100	100%	1	100%	100	40
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9 -12)	90	100%	1	100%	90	240
Top and Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**190**	**100%**	**2**	**100%**	**190**	**280**

Table 3.10.3 Annual Leave for the period 1 January 2021 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower Skills (Levels 1-2)	382	22	17
Skilled (Levels 3-5)	287	14	20
Highly skilled production (Levels 6-8)	774	31	24
Highly skilled supervision (Levels 9 -12)	96	10	9
Top and Senior management (Levels 13-16)	21	2	10
Total	**1 560**	**79**	**80**

Table 3.10.3 Annual Leave for the period 1 January 2021 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 2022
Lower Skills (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
Top and Senior management (Levels 13-16)	0	0	0	0
Total	**0**	**0**	**0**	**0**

Table 3.10.5 Leave payouts for the period 1 April 2021 and 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2021/22 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2021/22	350	3	116
Current leave payout on termination of service for 2021/22	0	0	0
Total	**350**	**3**	**116**

3.11 HIV/AIDS AND 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 and related diseases (if any)	Key steps taken to reduce the risk
-	-

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programme

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	-	The Entity has appointed a Health and Safety Officer to deal with issues of health and safety in the workplace, the budgeted amount R27 958,00. The entity has also appointed a wellness committee.
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	-	The Health and Safety committee has been established and the committee meet 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 entity has reviewed its policies to ensure that employees are not discriminated
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 achieved.	Yes	-	The entity 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	

3.12 LABOUR RELATIONS

Table 3.12.1 Collective Agreements for the period 1 April 2021 and 31 March 2022

Total number of Collective Agreements	None

Table 3.12.2 Misconduct and disciplinary hearings finalized for the period 1 April 2021 and 31 March 2022

Total number of Disciplinary hearings finalised	None

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 and 31 March 2022

Type of misconduct	Number	% of total
None	0	0
None	0	0
Total	**0**	**0**

Table 3.12.4 Grievances logged for the period 1 April 2021 and 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	2	100%
Number of grievances not resolved	0	0
Total number of grievances lodged	**2**	**100%**

Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 and 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	4	66.6%
Number of disputes dismissed	2	33.3%
Total number of disputes lodged	**6**	**100%**

Table 3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

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

Table 3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

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

3.13 SKILLS DEVELOPMENT

This section highlights the efforts of the Department regarding skills development.

Table 3.13.1 Training needs identified for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, Senior Officials and Managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	3	0	0	0	3
	Male	4	0	0	0	4
Technicians and Associate Professionals	Female	5	0	2	0	7
	Male	5	0	3	0	8
Clerks	Female	5	0	4	0	9
	Male	8	0	4	0	12
Service and sales workers	Female	10	0	4	0	14
	Male	6	0	3	0	9
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades 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	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		**46**	**0**	**20**	**0**	**66**

Table 3.13.2 Training provided for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and 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	6	0	1	0	1
	Male	5	0	2	0	2
Technicians and associate professionals	Female	12	0	0	0	0
	Male	22	0	8	0	8
Clerks	Female	11	0	6	4	10
	Male	11	0	5	1	6
Elementary occupations	Female	12	0	3	0	3
	Male	3	0	1	0	1
Sub Total	Female	41	0	10	4	14
	Male	43	0	16	1	17
Total		**84**	**0**	**26**	**5**	**31**

3.14 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2021 and 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**3**	**100%**

3.15 UTILISATION OF CONSULTANTS

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 and 31 March 2022

Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
0	0	0	0
0	0	0	0

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
N/A	0	0	0
N/A	0	0	0

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	0	0	0
N/A	0	0	0

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2021 and 31 March 2022

Project title	Total Number of consultants that worked on project	Duration (workdays)	Donor and contract value in Rand
N/A	0	0	0
N/A	0	0	0

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
N/A	0	0	0
N/A	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	0	0	0
0	0	0	0

3.16 SEVERANCE PACKAGES

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2021 and 31 March 2022

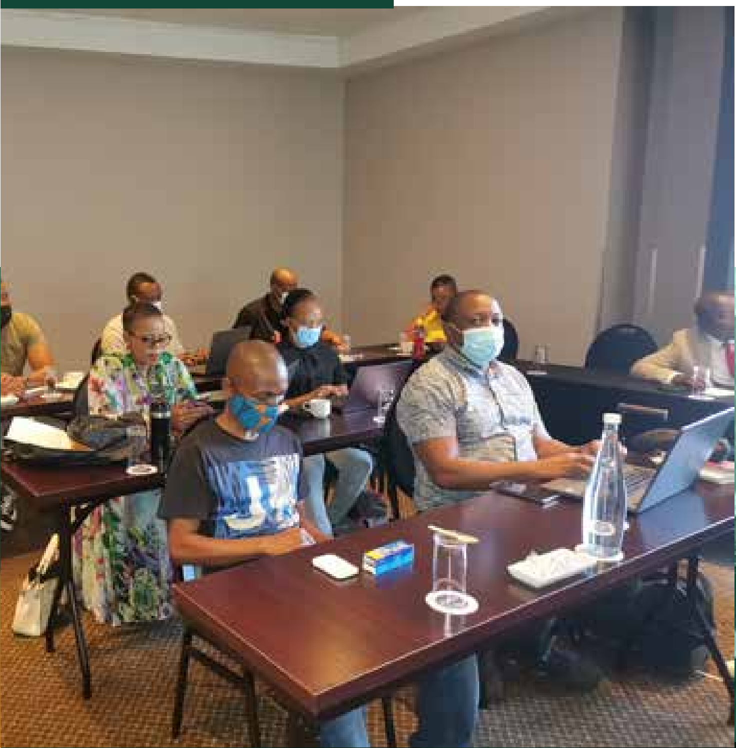
Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower Skills (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9 -12)	0	0	0	0
Top and Senior management (Levels 13-16)	0	0	0	0
Total	**0**	**0**	**0**	**0**

PART E

MPUMALANGA REGIONAL TRAINING TRUST

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Skills Development
MEMBERS	PP Maoko - Chairperson of the Board of Directors TR Mokgoshi BM Singwane B Sibanyoni MI Tibane LM Motshwane - appointment 26 November 2021 HH Nkanyane - appointment 26 November 2021 GA Deiner - resigned 5 March 2021 LH Moyane - Head Official: Provincial Department of Education - ex-officio MS Makgoba - Acting Chief Executive Officer - ex-officio
REGISTERED OFFICE	Suite No. 8 Bureau de Paul N4 Office Park Emalahleni 1035
BANKERS	Standard Bank Saveway
AUDITOR	Auditor - General South Africa (AGSA)
SECRETARY	KM Mohlala
COMPANY REGISTRATION NUMBER	1993/006132/08
PREPARER	The annual financial statements were internally compiled by: MG Jafta Chief Financial Officer
PUBLISHED	31 May 2022

ACCOUNTING AUTHORITY'S RESPONSIBILITY AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditor is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditor and their report is presented on page 77.

The annual financial statements set out on pages 71 to 158, which have been prepared on the going concern basis, were approved by the accounting authority on 30 May 2022 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
Date: 22 July 2022

MS Makgoba

MS Makgoba
Acting Chief Executive Officer
Date: 19 July 2022

REPORT OF THE ACCOUNTING AUTHORITY

The members submit their report for the year ended 31 March 2022.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

Net Deficit of the entity was R 51 910 241 (2021: R 30 376 890 restated)

2. GOING CONCERN

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

3. SUBSEQUENT EVENTS

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

4. MEMBERS' INTEREST IN CONTRACTS

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

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

- PP Maoko - Chairperson of the Board of Directors
- TR Mokgoshi
- BM Singwane
- B Sibanyoni
- MI Tibane
- LM Motshwane - appointment 26 November 2021
- HH Nkanyane - appointment 26 November 2021
- GA Deiner - resigned 5 March 2021
- LH Moyane - Head Official :Provincial Department of Education - ex-officio
- MS Makgoba - Acting Chief Executive Officer - ex- officio

7. SECRETARY

The secretary of the entity is KM Mohlala of:

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

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

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

BOARD OF DIRECTORS

The Board:

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

CHAIRPERSON AND CHIEF EXECUTIVE

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

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

9. INTEREST IN CONTROLLED ENTITIES

Name of controlled entity	Net income (loss) after tax
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	(4 966 225)
Mpumalanga Innovation and Skills Hub NPC	7 974 136

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

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure of R73 710 694 in the current financial year and for the prior financial year the expenditure was R14 156 711

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

In the prior financial year the amount incurred for fruitless and wasteful expenditure was R1 000 however the amount was settled in full by the responsible official

Further details on the Irregular expenditure are in note 29 of the Annual Financial Statements.

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

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

KM Mohlala
Company Secretary
Date: 11 July 2022

REPORT OF THE AUDITOR GENERAL

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 82 to 161 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, 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 2022, and their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

3. The entity did not review the residual values and useful lives of items of property, plant and equipment at each reporting date in accordance with GRAP 17, Property, plant and equipment. As a result, assets with a gross carrying amount of R1 115 533 (2021: R1 115 533) had a zero and R1 net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of assets as it was impracticable to do so.
4. The entity did not recognise all items of property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Machinery and Equipment, Office Furniture and Motor Vehicles that could not be found were included in the fixed assets register. Consequently property, plant and equipment was overstated by R5 744 388. Additionally, there was an impact on the loss for the period in the financial statements.

CONTEXT OF THE OPINION

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

9. I draw attention to Note 28 in the financial statements, which indicates that the MRTT entity incurred a net loss of R11,95 million during the year ended 31 March 2022 and, as of that date, the entity's current liabilities exceeded its current assets by R21,79 million. As stated in Note 28, these events or conditions, along with other matters as set forth in Note 28, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. My opinion is not modified in respect of this matter.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS – INTERCOMPANY ACCOUNT

11. As disclosed in note 3 of the financial statements, material impairment of R16,35 million (2020/2021: R16,98 million) were incurred as a result of the impairment provision of the receivables from exchange transactions.

IRREGULAR EXPENDITURE

12. As disclosed in note 30 to the financial statements, the entity incurred irregular expenditure of R73,71 million due to non-compliance with procurement process.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

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

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

INTRODUCTION AND SCOPE

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

Programme	Pages in the annual performance report
Programme 2: Technical training operations	27 – 29

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

OTHER MATTER

22. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

23. Refer to the annual performance report on pages 23 to 37 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework andor supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

CONSEQUENCE MANAGEMENT

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA.
28. Disciplinary hearings were not held for alleged cases of financial misconduct committed by some of the officials, as required by treasury regulation 33.1.1.

PROCUREMENT AND CONTRACT MANAGEMENT

29. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2)
30. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.

OTHER INFORMATION

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

INTERNAL CONTROL DEFICIENCIES

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

36. The accounting authority did not exercise oversight regarding financial and compliance we well as related internal controls.
37. 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.
38. 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.
39. Management did not review and monitor compliance with applicable legislation.
40. The accounting authority failed to apply the consequence management on all the allegations of misconduct brought before them.
41. The financial statements were not adequately reviewed by the accounting authority and the audit committee as material misstatement were identified during the audit.

MATERIAL IRREGULARITIES

42. In accordance with the PAA and the Material Irregularity Regilations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report

MATERIAL IRREGULARITY IN PROGRESS

43. I identified a material irregularity during the 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 response from the accounting authority. This material irregularity will be included in the next year's auditor's report.

Auditor general

Mbombela
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

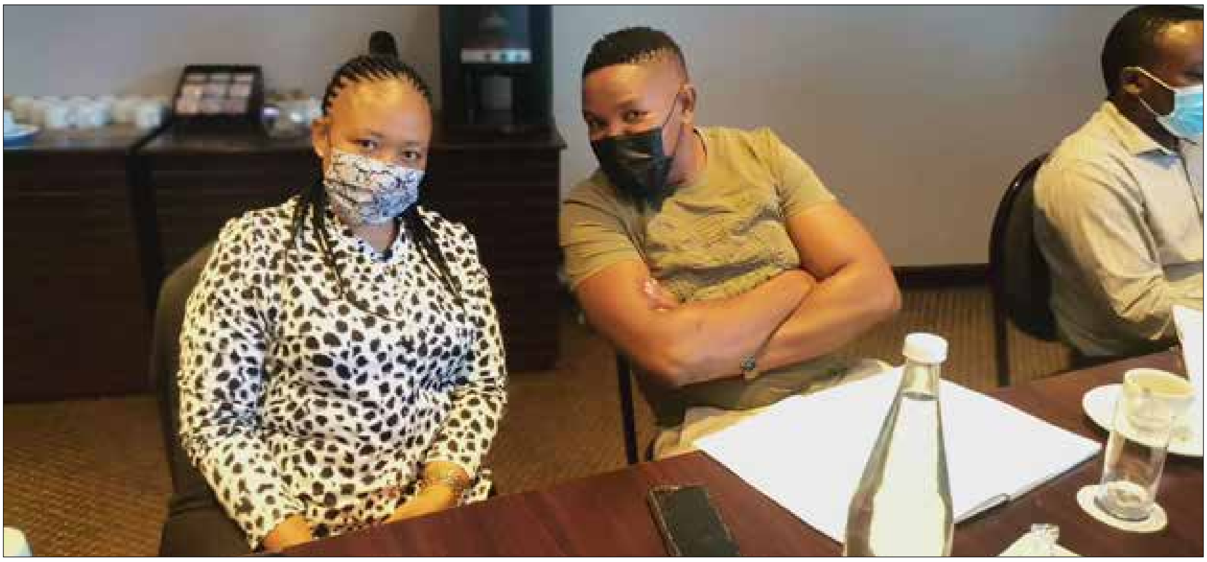
3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note(s)	2022 R	2021 Restated R
ASSETS			
CURRENT ASSETS			
Inventories	2	354 086	390 994
Receivables from exchange transactions	3	3 522 685	1 080 708
Cash and cash equivalents	4	4 628 846	54 802 742
		8 505 617	**56 274 444**
NON-CURRENT ASSETS			
Property, plant and equipment	5	91 458 001	97 693 989
Intangible assets	6	101 281	104 827
Investments in controlled entities	7	100	100
		91 559 382	**97 798 916**
Total Assets		**100 064 999**	**154 073 360**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	12	16 330 954	18 012 564
Provisions	11	5 460 361	5 876 870
		21 791 315	**23 889 434**
Total Liabilities		**21 791 315**	**23 889 434**
Net Assets		**78 273 684**	**130 183 926**
RESERVES			
Revaluation reserve	10	90 224 108	93 620 566
Accumulated surplus		(11 950 424)	36 563 360
Total Net Assets		**78 273 684**	**130 183 926**



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R	2021 Restated R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	13	24 172 447	22 363 940
Interest received	13	713 660	1 726 992
Bad debts recovered	13	12 574	4 803
Total revenue from exchange transactions	13	**24 898 681**	**24 095 735**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants	14	38 350 000	86 515 000
Total revenue	13	**63 248 681**	**110 610 735**
EXPENDITURE			
Personnel	15	(60 148 303)	(65 554 881)
Depreciation and amortisation	5&6	(6 661 079)	(7 458 792)
Administrative	16	(10 826 296)	(9 433 921)
Debt Impairment	17	(3 008 041)	(18 919 581)
Operating expenses	18	(34 515 202)	(39 620 447)
Total expenditure		**(115 158 921)**	**(140 987 622)**
Deficit for the year		**(51 910 240)**	**(30 376 890)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at 01 April 2020	**97 017 024**	**63 543 791**	**160 560 815**
Changes in net assets			
Deficit for the year	-	(30 376 890)	(30 376 890)
Realisation of revaluation surplus	(3 396 458)	3 396 458	-
Total changes	**(3 396 458)**	**(26 980 432)**	**(30 376 890)**
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)**
Balance at 31 March 2022	**90 224 108**	**(5 435 530)**	**84 788 578**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Sale of goods and services		22 374 490	10 102 353
Grants		38 350 000	86 515 000
Interest income		713 660	1 726 992
		61 438 150	**98 344 345**
PAYMENTS			
Suppliers and Employee costs		(111 190 499)	(94 035 203)
Net cash flows from operating activities	21	**(49 752 349)**	**4 309 142**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(421 545)	(695 926)
Net Increase / (decrease) in cash and cash equivalents		**(50 173 896)**	**3 613 218**
Cash and cash equivalents at the beginning of the year		54 802 742	51 189 524
Cash and cash equivalents at the end of the year	4	**4 628 846**	**54 802 742**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

	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	20 225 000	-	20 225 000	24 898 681	4 673 681	31.1
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Transfer revenue						
Government grants & subsidies	38 350 000	-	38 350 000	38 350 000	-	31.2
Total revenue	**58 575 000**	**-**	**58 575 000**	**63 248 681**	**4 673 681**	
EXPENDITURE						
Personnel	(53 813 028)	-	(53 813 028)	(60 148 303)	(6 335 275)	31.3
Capital expenditure	(3 121 050)	-	(3 121 050)	(421 544)	2 699 506	31.4
Goods and Services	(53 868 478)	-	(53 868 478)	(55 010 618)	(1 142 140)	31.5
Total expenditure	**(110 802 556)**	**-**	**(110 802 556)**	**(115 580 465)**	**(4 777 909)**	
Deficit before taxation	**(52 227 556)**	**-**	**(52 227 556)**	**(52 331 784)**	**(104 228)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(52 227 556)**	**-**	**(52 227 556)**	**(52 331 784)**	**(104 228)**	

RECONCILIATION

BASIS DIFFERENCE	
Depreciation and amortisation	6 661 079
Accruals	1 371 544
Provisions	416 509
Debt impairment	3 008 041
Actual Amount in the Statement of Financial Performance	**(40 874 611)**

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.

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

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

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

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20
Plant and machinery	Straight line	20
Furniture and fixtures	Straight line	20
Office equipment	Straight line	20
Computer equipment	Straight line	10
Domestic equipment	Straight line	20
Motor vehicles	Straight line	10

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

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

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3

1.7 INVESTMENTS IN CONTROLLED ENTITIES

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

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

1.8 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INITIAL RECOGNITION

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

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

FAIR VALUE MEASUREMENT CONSIDERATIONS

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

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

RECLASSIFICATION

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

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

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

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

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

GAINS AND LOSSES

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

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

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

DERECOGNITION

FINANCIAL ASSETS

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

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

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

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

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

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

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

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

FINANCIAL LIABILITIES

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

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

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

PRESENTATION

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

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

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

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

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

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

1.9 LEASES

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

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

OPERATING LEASES - LESSEE

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

1.10 INVENTORIES

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

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

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

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

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

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

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

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

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

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

1.11 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

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

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

MEASUREMENT

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

SALE OF GOODS

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

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

RENDERING OF SERVICES

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

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

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

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

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

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

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

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

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

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

RECOGNITION

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

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

MEASUREMENT

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

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

TRANSFERS

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

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

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

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

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

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

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

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

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.18 IRREGULAR EXPENDITURE

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

(a) this Act; or

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

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

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

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

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

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

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

1.19 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

MEASUREMENT

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

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

1.20 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

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

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

1.21 RELATED PARTIES

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

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

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

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

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

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

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

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

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

1.22 EVENTS AFTER REPORTING DATE

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. INVENTORIES

	2022 R	2021 R
Consumables	354 086	390 994

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Trade debtors	19 864 731	18 054 200
Allowance for impairment	(16 345 546)	(16 976 991)
Deposits	3 500	3 500
	3 522 685	**1 080 709**

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (16 345 546) as of 31 March 2022 (2021: R (16 976 991)).

The ageing of these receivables is as follows:

	2022 R	2021 R
3 to 6 months	-	13 419 323
Over 6 months	16 345 546	3 557 668

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2022 R	2021 R
Opening balance	16 976 991	4 260 365
Provision for impairment	(631 445)	12 716 626
	16 345 546	**16 976 991**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2022 R	2021 R
Cash on hand	3 070	5 810
Bank balances	3 106 365	13 083 999
Short-term deposits	1 519 411	41 712 933
	4 628 846	**54 802 742**

5. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost /Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R
Land and Buildings	129 618 862	(46 429 516)	83 189 346	129 618 862	(40 850 100)	88 768 762
Machinery and Equipment	4 769 516	(1 641 647)	3 127 869	4 670 172	(1 432 394)	3 237 778
Office Furniture	5 227 914	(3 315 262)	1 912 652	5 209 974	(3 085 689)	2 124 285
Motor vehicles	3 127 993	(2 262 948)	865 045	3 127 993	(1 998 461)	1 129 532
Office equipment	509 403	(267 767)	241 636	509 403	(244 649)	264 754
Computer equipment	2 378 141	(1 110 678)	1 267 463	2 170 251	(917 489)	1 252 762
Domestic equipment	1 371 795	(517 805)	853 990	1 371 795	(455 679)	916 116
Total	**147 003 624**	**(55 545 623)**	**91 458 001**	**146 678 450**	**(48 984 461)**	**97 693 989**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	Opening balance R	Additions R	Depreciation R	Total R
Buildings	88 768 763	-	(5 579 417)	83 189 346
Machinery and Equipment	3 237 778	99 344	(209 253)	3 127 869
Office Furniture	2 124 285	17 941	(229 574)	1 912 652
Motor vehicles	1 129 532	-	(264 487)	865 045
Office equipment	264 754	-	(23 118)	241 636
Computer equipment	1 252 762	207 890	(193 189)	1 267 463
Domestic equipment	916 116	-	(62 126)	853 990
	97 693 990	**325 175**	**(6 561 164)**	**91 458 001**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Opening balance R	Additions R	Disposals R	Other changes, movements R	Depreciation R	Total R
Land and Buildings	102 966 029	-	-	(8 100 000)	(6 097 266)	88 768 763
Machinery and Equipment	3 673 680	190 680	(368 193)	-	(258 389)	3 237 778
Office furniture	2 659 894	107 941	(343 117)	-	(300 433)	2 124 285
Motor vehicles	1 477 188	-	(40 658)	-	(306 998)	1 129 532
Office equipment	434 711	-	(121 545)	-	(48 412)	264 754
Computer equipment	1 434 925	116 449	(62 947)	-	(235 665)	1 252 762
Domestic equipment	866 654	280 856	(151 657)	-	(79 737)	916 116
	113 513 081	**695 926**	**(1 088 117)**	**(8 100 000)**	**(7 326 900)**	**97 693 990**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

REVALUATIONS

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

Land and buildings are valued independently every 5 years.

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)..

DETAILS OF PROPERTIES

HOSPITALITY AND TOURISM ACADEMY	2022 R	2021 R
The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms and a swimming pool. The site area is 29,423 square meters and is situated in KaNyamazane Nelspruit		
Land	2 500 000	2 500 000
Buildings	37 997 259	41 185 261
	40 497 259	**43 685 261**

KABOKWENI TRAINING CENTRE		
The property includes an office block, 2 workshops and ablution block. The site area is 5,328 square metres		
Land	500 000	500 000
Buildings	11 022 259	11 860 740
	11 522 259	**12 360 740**

EMALAHLEMI TRAINING CENTRE		
The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.		
Land	750 000	750 000
Buildings	25 157 802	27 130 067
	25 907 802	**27 880 067**

MRTT HOUSE		
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street Emalahleni).		
Land	350 000	350 000
Buildings	904 176	1 002 694
	1 254 176	**1 352 694**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2022 R	2021 R
LAND EMALAHLENI		
The land sitse are in Emalahleni		
Corridor Hill	3 490 000	3 490 000

	2022 R	2021 R
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	1 243 594	1 141 323

6. INTANGIBLE ASSETS

	2022			2021		
	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Computer software	492 311	(391 030)	101 281	395 941	(291 114)	104 827

RECONCILIATION OF INTANGIBLE ASSETS - 2022	Opening balance R	Additions R	Amortisation R	Total R
Computer software	104 827	96 370	(99 916)	101 281

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

7. INVESTMENTS IN CONTROLLED ENTITIES

Amortisation	Amortisation R	% holding 2022 %	% holding 2021 %	Carrying amount 2022 R	Carrying amount 2021 R
Royal Hotel	MRTT	100,00 %	100,00 %	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

	2022 R	2021 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 R9 842 441 and in the prior year was R6 202 955

	2022 R	2021 R
Impairment of Intercompany account at 100%	9 842 441)	(6 202 955)
	-	-

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.

	2022 R	2021 R
The total economic entity contribution to such schemes	7 550 578	8 311 398

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.

	2022 R	2021 R
Opening balance	93 620 566	97 017 024
Realisation of revaluation surplus	(3 396 458)	(3 396 458)
	90 224 108	**93 620 566**

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2022	Opening balance R	Utilised during the year R	Raised / (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**

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

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Trade payables	9 783 738	1 085 858
Accruals	1 371 544	1 921 999
Income received in advance	5 175 672	15 004 707
	16 330 954	**18 012 564**

13. REVENUE

Rendering of services	24 172 447	22 363 940
Interest received	713 660	1 726 992
Bad debts recovered	12 574	4 803
Government grants & subsidies	38 350 000	86 515 000
	63 248 681	**110 610 735**

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

Rendering of services	24 172 447	22 363 940
Interest received	713 660	1 726 992
Bad debts recovered	12 574	4 803
	24 898 681	**24 095 735**

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

TRANSFER REVENUE		
Government grants & subsidies	38 350 000	86 515 000

14. GOVERNMENT GRANTS AND SUBSIDIES

OPERATING GRANTS

Government grant	22 062 000	63 227 000
Comprehensive Rural Development Programme	9 059 000	10 059 000
National Youth Service	7 229 000	13 229 000
	38 350 000	**86 515 000**

15. EMPLOYEE RELATED COSTS

	2022 R	2021 R
Basic	39 164 454	43 280 170
Medical aid	777 217	944 321
UIF	509 478	526 999
SDL	488 964	373 342
PAYE	11 312 344	11 726 501
Provident and pension fund	7 550 578	8 311 398
Phone Allowances	345 268	392 150
	60 148 303	**65 554 881**

16. ADMINISTRATIVE EXPENDITURE

Rates and Taxes	1 482 255	1 207 893
Communication	2 197 276	1 261 398
Insurance	581 686	705 036
Motor fleet	994 091	732 510
Leases	449 050	254 213
Security	2 665 452	2 131 078
Rent	1 493 132	1 421 215
Printing and Stationery	70 368	206 910
Repairs and Maintenance	37 976	26 588
Other administrative	855 010	1 487 080
	10 826 296	**9 433 921**

17. DEBT IMPAIRMENT

Debt impairment	3 008 041	18 919 581

18. OPERATING EXPENSES

	2022 R	2021 R
Auditors remuneration	3 992 651	4 638 322
Bank charges	291 920	206 995
Professional fees	2 331 364	1 284 695
Food and Beverage	279 882	143 698
Accommodation	400 785	15 286
Skills development training	117 373	100 357
Marketing	305 202	136 121
Pest control	2 559	6 186
Work placement	468 353	346 609
Printing and stationery	663 784	402 059
Learner Protective clothing	1 170 678	451 889
Training Material	4 937 249	1 035 454
Subsistence and Travel	2 015 218	3 819 385
Hotel Rates, water and electricity	987 917	924 115
Stipends	4 532 372	5 980 242
Staff Appointment and recruitment	237 635	119 284
Learner Toolboxes	266 347	1 132 814
Production - Construction	3 274 762	10 305 593
Training Centres and Hotel repairs and maintenance	1 942 604	1 951 878
Directors expenses	3 486 231	1 687 296
Hotel Security	1 245 455	1 527 901
Hotel operating expenses	1 121 945	900 765
Training centre operating expenses	17 214	115 956
Corporate services operating expenses	425 702	2 387 547
	34 515 202	**39 620 447**

19. AUDITOR'S REMUNERATION

External audit fees	3 319 517	3 237 020
Internal audit fees	673 134	1 401 302
	3 992 651	**4 638 322**

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 (USED IN) GENERATED FROM OPERATIONS

Deficit	(51 910 240)	(23 861 997)
Adjustments for:		
Depreciation and amortisation	6 661 079	7 458 792
Debt impairment	3 008 041	12 716 626
Movements in provisions	(416 509)	656 632
Loss on disposal	-	1 088 117
Changes in working capital:		
Inventories	36 906	(136 102)
Receivables from exchange transactions	(1 810 532)	(12 266 390)
Intercompany	(3 639 486)	4 534 554
Payables from exchange transactions	(3 266 718)	14 118 910
Skills Hub	1 585 110	-
	(49 752 349)	**4 309 142**

22. COMMITMENTS

	2022 R	2021 R
APPROVED AND AUTHORISED COMMITMENTS		
ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR		
• Committments	16 206 320	192 000

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)

MINIMUM LEASE PAYMENTS DUE	2022 R	2021 R
• within one year	1 278 702	1 014 499
• in second to fifth year inclusive	-	65 450
	1 278 702	**1 079 949**

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
Controlled entity	Mpumalanga Innovation and Skills Hub NPC

RELATED PARTY BALANCES

INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL	2022 R	2021 R
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	9 842 441	6 202 955
Impairment of the balance - 100%	(9 842 441)	(6 202 955)
RECEIVABLES WITH RELATED PARTIES - DEPARTMENT OF EDUCATION		
Department of Education	4 859 524	4 776 195
Impairment of the balance - 100%	(4 859 524)	(4 776 195)
PAYABLES WITH RELATED PARTIES - MISH		
Mpumalanga Innovation and Skills Hub	6 389 027	1 585 108

24. RELATED PARTIES (CONTINUED)

	2022 R	2021 R
RELATED PARTY TRANSACTIONS		
RELATED PARTY TRANSACTIONS		
Department of Education	17 009 384	21 970 991
RECEIPTS FROM RELATED PARTIES RELATED PARTIES		
Department of Education - MRTT allocation	38 350 000	86 515 000
Department of Education - MISH allocation	11 650 000	7 614 000

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

BOARD OF DIRECTORS

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 - appointment 26 November 2021	153 640	153 640
HH Nkanyane - appointment 26 November 2021	202 191	202 191
	2 889 903	**2 889 903**

2021	Members' fees R	Total R
PP Maoko - Chairperson of the Board of Directors	199 218	199 218
TR Mokgoshi	199 134	199 134
BM Singwane	130 528	130 528
B Sibanyoni	305 026	305 026
MI Tibane	229 599	229 599
TE Mawelele - Resigned 3 February 2022	232 320	232 320
GA Deiner - resigned 5 March 2021	177 274	177 274
	1 480 909	**1 480 909**

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

EXECUTIVE MANAGEMENT 2022	Settlement amount * R	Basic salary R	Short term benefits (includes bonus, acting allowances, settlement) 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**

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

* The settlement amount paid to the former CEO Mr R Oosthuzen was a 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 settement.

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. PRIOR PERIOD ERRORS

	2022 R	2021 R

In the financial information of MRTT, the AFS included transactions and balances of an entity the MRTT has control called Mpumalanga Innonation and Skills Hub. The error was discovered during the audit of 2021-22 hence the need to disclose a prior period error and to to restate the comperative figures

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

STATEMENT OF FINANCIAL POSITION

	2022 R	2021 R
Property, plant and equipment	-	8 100 000
Payables	-	1 585 108

STATEMENT OF FINANCIAL PERFORMANCE

	2022 R	2021 R
Revenue	-	7 614 000
Compensation of employees	-	711 942
Operating expenses	-	387 067

CASH FLOW STATEMENT

	2022 R	2021 R
CASH FLOW FROM OPERATING ACTIVITIES		
Grants received	-	7 614 000
Suppliers and Employee costs	-	1 099 109
	-	**8 713 109**

27. RISK MANAGEMENT

LIQUIDITY RISK

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

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

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

AT 31 MARCH 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	10 284 785	-	-	-
Provisions	5 460 361	-	-	-

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

27. RISK MANAGEMENT (CONTINUED)

CREDIT RISK

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

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

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

FINANCIAL INSTRUMENT	2022 R	2021 R
Cash and Cash equivalents	4 633 882	54 802 742
- Current	(88 963)	6 545 497
- 30 days	1 732 588	455 902
- 60 days	11 612	4 169 154
- 90 - 120 days	6 306	2 750 605
+150 days	16 315 115	3 175 667
Total receivables from exchange transactions	19 864 731	18 054 200
Inter Company account - Royal Hotel	9 842 441	6 202 955

MARKET RISK

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

The entity does not hedge foreign exchange fluctuations.

PRICE RISK

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

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

28. GOING CONCERN

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus (deficit) of R (11 950 424) and that the entity's current liabilities exceed its current assets by R 13 285 698. The total assets however exceed the liabilities by R78 273 684 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years, the entity has losses for 2 consecutive years (2022 - R51 910 24 and 2021 - R30 376 890).

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.

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 Report of 2022/23.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continous 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 entity through a number of projects as well as the Hotel in Nelspruit, Kanyamazane.

29. FRUITLESS AND WASTEFUL EXPENDITURE

	2022 R	2021 R
Fruitless and wasteful expenditure	-	1 000
Amount settled by responsible official	-	(1 000)
	-	**-**

In the current year 2021-22 the Auditor General South Africa issued a Material Irregularity to the entity in relation to COVID 19 expenditure for 2020-21 financial year. The financial loss is yet to be determined.

Fruitless and wastefull expenditure for the previous financial year is due to penalties charged on the late submission of CIPC returns. The official responsible for the fruitless and wasteful expenditure has settled the amount in full.

30. IRREGULAR EXPENDITURE

Opening balance	33 692 567	19 537 856
Add: Irregular Expenditure - current year	73 710 694	14 154 711
Less: Amounts condoned	(6 099 530)	-
	101 303 731	**33 692 567**

ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year	73 710 694	14 154 711
Prior years	27 593 037	19 537 856
	101 303 731	**33 692 567**

30. IRREGULAR EXPENDITURE (CONTINUED)

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

	DESCRIPTION	2022 R
Incident 1	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 the entity were for key service providers at the Hospitality and Tourism Academy so that quality of service, meals and training was not disturbed	801 062
Incident 2	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17 Extension of contracts	2 550 263
Incident 4	Extension of contracts	4 083 195
	Local content	52 150
Incident 5	MRTT Budget not approved by Executive Authority	65 158 921
Incident 6	Request for quotation not attached to payment voucher	664 453
Incident 7	Service providers employed by the state	241 322
Incident 8	Evaluation of quotations not submitted	159 328
		73 710 694

DETAILS OF IRREGULAR EXPENDITURE CONDONED

In accordance with the amended National Treasury Framework on Irregular Expenditure (the Framework) as well as National Treasury Instruction No.2 of 2019/2020, MRTT requested Nexia SAB&T, as its outsourced Internal Audit service provider, to conduct the determination test or analyse particulars of the non-compliance to establish the facts and losses, if any, related to the transaction. •	Condoned by Provincial Treasury	6 099 531

- A determination test was conducted,
- Confirmation of the disciplinary actions were taken against the responsible employees.
- Accounting Authority will continuously monitor the implementation of internal controls by management.
- The above is in compliance with the National Treasury Framework of addressing Irregular Expenditure

The application for condonation of Irregular Expenditure also served in the Board of Directors meeting for recommendation to the Provincial Treasury for approval.

31. SEGMENT INFORMATION

GENERAL INFORMATION IDENTIFICATION OF SEGMENTS

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

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

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	12 062 000
Revenue from exchange transactions	1 146 968	22 500 379	908 475	908 475
Total segment revenue	1 146 968	48 788 379	12 970 475	12 970 475
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
Depreciation and amortisation	-	-	6 661 079	6 661 079
Total segment expenditure	**5 645 763**	**16 833 392**	**92 679 766**	**115 158 921**
Total segmental (deficit)				**(52 253 099)**
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**
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)

2021 REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	70 453 000	16 062 000	86 515 000
Revenue from exchange transactions	3 286 505	16 267 770	4 541 460	24 095 735
Total segment revenue	3 286 505	86 720 770	20 603 460	110 610 735
Entity's revenue				**110 610 735**
EXPENDITURE				
Administration	-	-	9 433 922	9 433 922
Operating expenses	5 022 371	28 936 843	11 901 837	45 861 051
Personnel	-	-	66 298 666	66 298 666
Debt impairment	-	-	5 864 730	5 864 730
Depreciation and amortisation	3 632 285	1 683 122	2 143 385	7 458 792
Total segment expenditure	**8 654 656**	**30 619 965**	**95 642 540**	**134 917 161**
Total segmental (deficit)				**(24 306 426)**
ASSETS				
Inventories	26 062	-	364 932	390 994
Property plant and equipment	-	-	91 458 001	91 458 001
Cash and cash equivalents	10 561 921	-	44 240 821	54 802 742
Total segment assets	**10 587 983**	**-**	**136 063 754**	**146 651 737**
Receivables from exchange transactions				450 787
Investments in controlled entities				100
Total assets as per Statement of financial Position				**147 102 624**
LIABILITIES				
Payables				18 012 564
Provisions				5 876 870
Revaluation reserves				93 620 566
Accumulated surplus				36 563 360
Total segment liabilities				**154 073 360**
Total liabilities as per Statement of financial Position				**154 073 360**

MEASUREMENT OF SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

BASIS OF ACCOUNTING FOR TRANSACTIONS BETWEEN REPORTABLE SEGMENTS

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

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 2021 to 31 March 2022

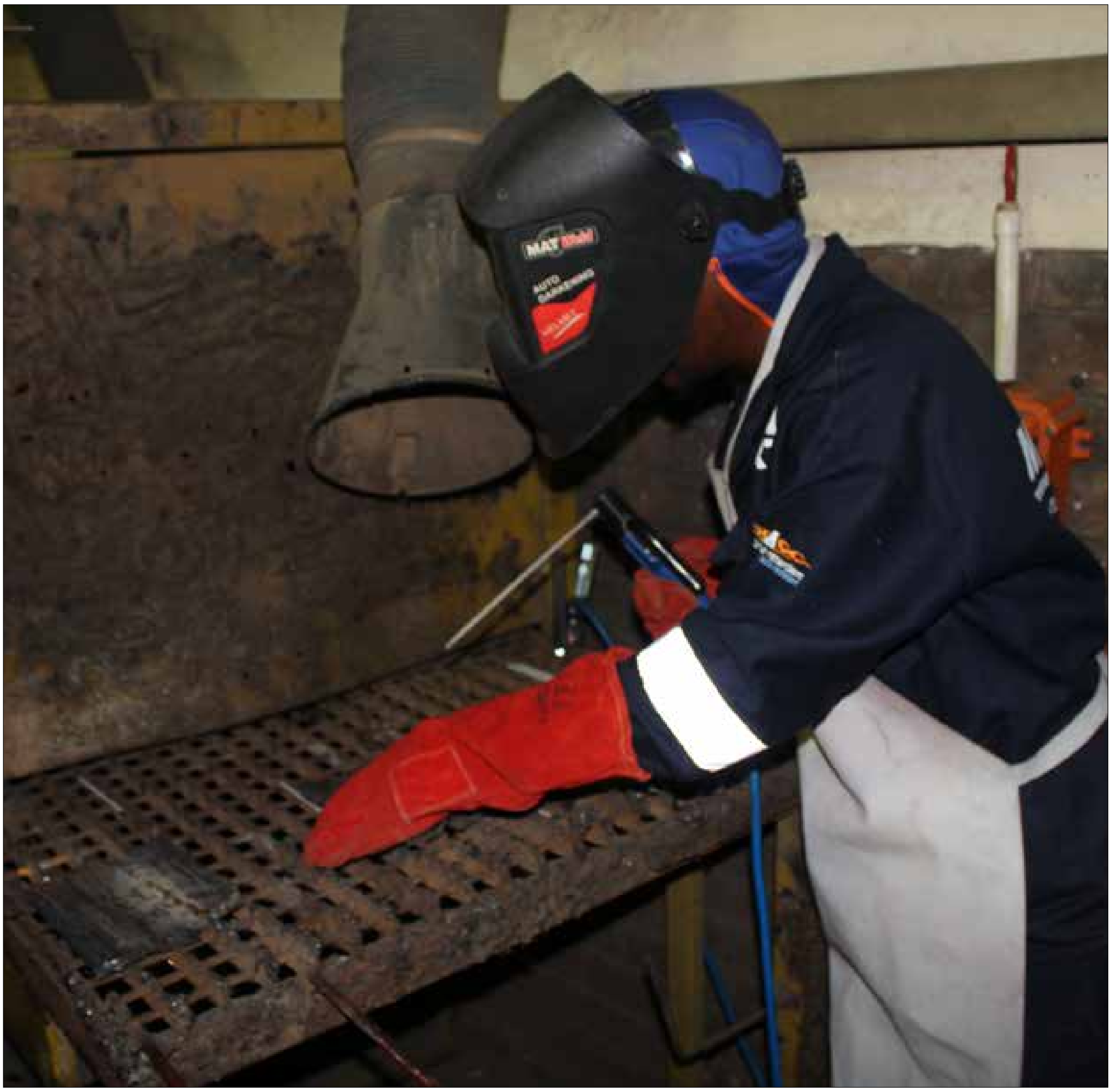
Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended 31 March 2022 is presented in page 11. The financial statements and budget documents are prepared for the same period. There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis

.31.1 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.

31.2 There is no variance as budget amount was invoiced in full from the Department of Education and there was no adjustment to the allocation.

31.3 The unfavourable variance is due to more Department of Education projects that were awarded to the Technical and Training Operations that needed appointment of employees during the year.

31.4 The favourable variance is due to the fact that there was less demand for goods and services in the period under review.



PART F

MPUMALANGA REGIONAL TRAINING TRUST

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 – Appointed 26 November 2021 LM Motshwane – Appointed 26 November 2021 TE Mawelele (Resigned 2 February 2022) GA Deiner (Resigned 5 March 2021) MS Makgoba – Acting Chief Executive Officer (ex-officio)
REGISTERED OFFICE	Corridor Crescent N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
BUSINESS ADDRESS	Corridor Crescent N4 Business Park Witbank Dam Road Bureau de Paul Building No 8 Ben Fleur X11 Emalahleni
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER	013 656 0875
FAX NUMBER	013 656 0632
BANKERS	Standard Bank of South Africa
EXTERNAL AUDITORS	Auditor-General South Africa (AGSA)
INTERNAL AUDITORS	Samba Solutions
SECRETARY	KM Mohlala
COMPANY REGISTRATION NUMBER	1993/006132/08

DIRECTORS RESPONSIBILITY AND APPROVAL

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

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

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

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

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

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

The Directors approved the Annual Financial Statements for the year ended 31 March 2022 as set out on pages XX to XX on 27 May 2022 which were signed on its behalf by –

Mr. PP Maoko
Acting Chairperson

Mr. MS Makgoba
Acting Chief Executive Officer

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

The company is engaged in skills development and operates principally in South Africa - Mpumalanga Province.

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

Deficit 2021:	R28 127 958
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 – Appointed 26 November 2021
- LM Motshwane – Appointed 26 November 2021
- TE Mawelele (Resigned 2 February 2022)
- 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

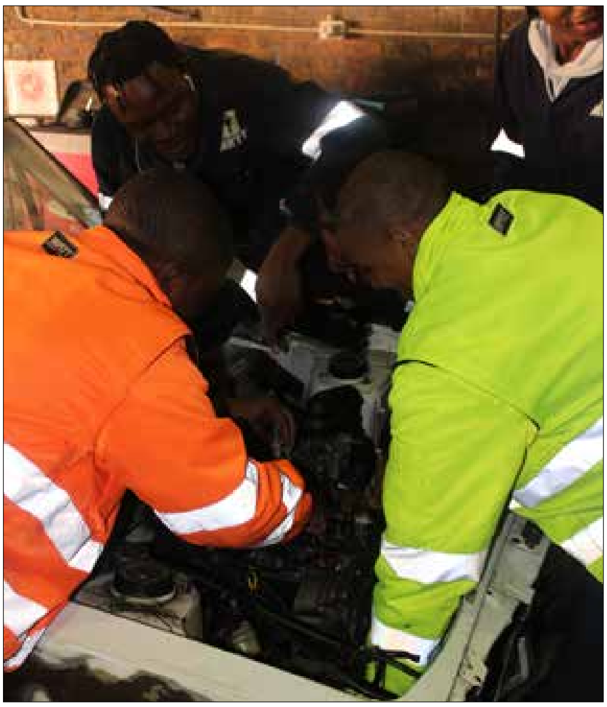
Postal address Private Bag X7288
Emalahleni
1035

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.

7. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The entity incurred Irregular expenditure of in the current financial year is R73 710 694 and for the prior financial year the expenditure was R14 154 711.



REPORT OF THE AUDITOR GENERAL

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

1. I was enagaged to audit the consolidated financial statement and separate financial statements of the Mpumalanga Regional Training Trust and its subsidiary (the group) set out on pages 82 to 161 which comprise the consolidated and separate statement of financial position as at 31 March 2022, the consolidated and separate statement of financial performance, statement of changes in net assets,cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the separate financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training Trust as at 31 March 2022, and their financial performance and cash flows for the year then ended in accordance with South African Standard 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 QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS SUBMITTED WITHOUT THE AUDITED FINANCIAL OF THE MPUMALANGA INNOVATION AND SKILLS HUB AND THE ROYAL HOTEL (PTY) LTD (SUBSIDIARIES)

4. I was unable to obtain sufficient appropriate audit evidence regarding the consolidated financial statements as a whole, as the financial statements were presented for audit purposes without the audited financial statements for the subsidiaries. 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.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS – INTERCOMPANY LOAN ACCOUNT

6. As disclosed in note 3 to the separate financial statements, a material impairment of R16 345 546 (2020/2021: R16 976 991) were incurred as a result of the impairment provision of the receivables from exchange transactions.

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 26 to the financial statements, the corresponding figures for 2020/21 were restates as a result of an error in the financial statement for the entity at, and for the year ended 31 March 2022.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

8. I draw attention to Note 28 in the financial statements, which indicates that the MRTT entity incurred a net loss of R11,95 million during the year ended 31 March 2022 and, as of that date, the entity's current liabilities exceeded its total assets by R78,27 million. As stated in Note 28, these events or conditions, along with other matters as set forth in Note 28, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. My opinion is not modified in respect of this matter.

IRREGULAR EXPENDITURE

1. As disclosed in note 30 to the financial statements, the entity incurred irregular expenditure of R73,71 million due to non-compliance with procurement process.

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

2. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

3. In preparing the consolidated and separate 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 AND SEPARATE FINANCIAL STATEMENTS

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

6. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

7. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the [type of auditee] enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

8. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2: Technical training operations	23 – 29

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

10. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - Programme 2: Technical training operations

OTHER MATTER

ACHIEVEMENT OF PLANNED TARGETS

11. Refer to the annual performance report on pages 23 to 37 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

12. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the [type of auditee]'s compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

13. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

14. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework andor supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, liabilities, revenie, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

CONSEQUENCE MANAGEMENT

15. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA.

16. Disciplinary hearings were not held for alleged cases of financial misconduct committed by some of the officials, as required by treasury regulation 33.1.1.

PROCUREMENT AND CONTRACT MANAGEMENT

17. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Procurement Regulation 8(2)

18. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.

OTHER INFORMATION

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

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

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. 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

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

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

25. 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.

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

27. The accounting authority failed to apply the consequence management on all the allegations of misconduct brought before them.

28. The financial statements were not adequately reviewed by the accounting authority and the audit committee as material misstatement were identified during the audit.

Auditor general

Mbombela

July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note(s)	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	91 458 001	97 693 989	91 458 001	97 693 989
Intangible assets	6	101 281	104 827	101 281	104 827
Inter Company account - Royal Hotel	21	-	-	-	-
Deferred tax		-	-	-	-
Investment in Subsidiary		-	-	100	100
		91 559 282	**97 798 816**	**91 559 382**	**97 798 916**
CURRENT ASSETS					
Cash and cash equivalents	7	4 762 899	54 872 494	4 628 846	54 802 742
Property plant and equipment (Liquidation)		90 755	90 755	-	-
Deferred tax		-	-	-	-
Receivables from exchange transactions	8	3 522 685	1 080 708	3 522 685	1 080 708
Receivables from non-exchange transactions	9	-	-	-	-
Inventories	10	465 805	594 210	354 086	390 994
Prepayments		-	-	-	-
		8 842 144	**56 638 167**	**8 505 617**	**56 274 444**
Total Assets		**100 401 426**	**154 436 983**	**100 064 999**	**154 073 360**
LIABILITIES					
NON-CURRENT LIABILITIES					
Operating lease liability		-	-	-	-
CURRENT LIABILITIES					
Payables from exchange transactions	11	18 776 829	25 353 568	16 330 954	18 012 564
Operating lease liability		-	8 310	-	-
Employee benefits	12	5 460 361	5 876 870	5 460 361	5 876 870
Total Liabilities		**24 237 190**	**31 238 748**	**21 791 315**	**23 889 434**
NET ASSETS					
Accumulated surplus		(14 059 872)	29 577 669	(11 950 424)	36 563 360
Reserves	27	90 224 108	93 620 566	90 224 108	93 620 566
		76 164 236	**123 198 235**	**78 273 684**	**130 183 926**
Total liabilities and reserves		**100 401 426**	**154 436 983**	**100 064 999**	**154 073 360**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

		GROUP		COMPANY	
		2022	2021	2022	2021
	Note(s)	R	R	R	R
REVENUE					
Revenue from non-exchange transactions	1	50 000 000	94 129 000	38 350 000	86 515 000
Revenue from exchange transactions	2	27 421 087	26 307 456	24 886 107	24 090 932
Other Income	3	12 574	4 803	12 574	4 803
Total revenue		**77 433 661**	**120 441 259**	**63 248 681**	**110 610 735**
EXPENSES	4				
Personnel	4.1	60 874 773	66 266 823	60 148 303	65 554 881
Administrative	4.2	10 826 296	9 433 921	10 826 296	9 433 921
Other operating expenses	4.3	44 965 801	46 490 100	34 515 202	39 620 447
Depreciation and amortisation expense	5&6	6 661 079	7 458 792	6 661 079	7 458 792
Taxation		-	-		
Debt impairment		3 008 041	18 919 581	3 008 041	18 919 581
Total expenses		**126 335 990**	**148 569 217**	**115 158 921**	**140 987 622**
Profit / (Loss)for the period		**(48 902 329)**	**(28 127 958)**	**(51 910 240)**	**(30 376 887)**

GROUP STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	Non-distributable Reserves R	Accumulated surplus R	Total Equity R
Balance as at 1 April 2020	27	**97 017 024**	**60 824 062**	**157 841 086**
Loss for the year		-	(28 127 958)	(28 127 958)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
		-	**10 089 574**	**10 089 574**
Balance as at 1 April 2021		**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	-
Balance as at 31 March 2022		**90 224 108**	**676 265**	**90 900 373**

MRTT STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	Non-distributable Reserves R	Accumulated surplus R	Total Equity R
Balance as at 1 April 2020	27	**97 017 024**	**63 543 791**	**160 560 815**
Loss for the year		-	(30 376 890)	(30 376 890)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
		-	-	-
Balance as at 1 April 2021		**93 620 566**	**36 563 359**	**130 183 925**
Loss for the year		-	(51 910 240)	(51 910 240)
Realisation of revaluation reserve		(3 396 458)	3 396 458	-
Balance as at 31 March 2022		**90 224 108**	**(11 950 423)**	**78 273 685**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM STAKEHOLDERS					
Cash receipts from government entities (Transfers)		38 250 000	86 515 000	38 250 000	86 515 000
Cash receipts from own generated income		22 374 490	10 102 353	22 374 490	10 102 353
Interest received		713 660	1 726 992	713 660	1 726 992
Other cash items		64 301	-	-	-
CASH PAID TO STAKEHOLDERS					
Personnel and Suppliers		(111 190 499)	(94 015 689)	(111 190 499)	(94 035 203)
Net cash flows from operating activities	13	**(49 788 048)**	**4 328 656**	**(49 852 349)**	**4 309 142**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	5 & 6	(421 545)	(695 926)	(421 545)	(695 926)
Proceeds from disposal of fixed assest		-	-	-	-
Net cash flows from investing activities		**(421 545)**	**(695 926)**	**(421 545)**	**(695 926)**
CASHFLOWS FROM FINANCING ACTIVITIES					
Movement of intercompany account - MRTT		-	-	-	-
Net cash flow from financing activities		**(50 109 595)**	**3 462 723**	**(50 173 896)**	**3 613 218**
Net increase / (decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of the year	7	54 872 494	51 409 771	54 802 742	51 189 524
Cash and cash equivalents at end of period	7	**4 762 899**	**54 872 494**	**4 628 846**	**54 802 742**

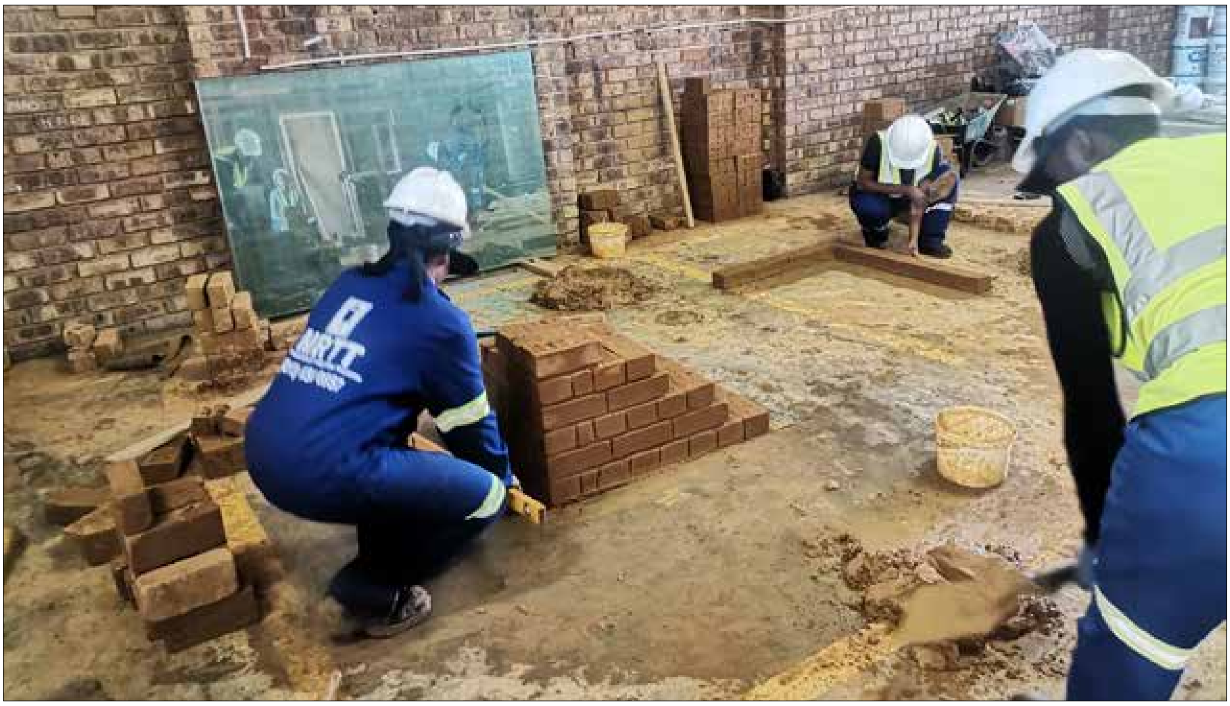
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR MRTT

FOR THE YEAR ENDED 31 MARCH 2022

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note on variance
RECEIPTS				
Transfers from other government entities	50 000 000	50 000 000	-	25.1
Revenue from exchange transactions	20 225 000	24 898 681	4 673 681	25.2
Total receipts	**70 225 000**	**74 898 681**	**4 673 681**	
PAYMENTS				
Personnel	53 813 028	60 874 773	(7 061 745)	25.3
Goods and services	53 868 478	57 960 012	(4 091 534)	25.4
Capital Expenditure	3 121 050	421 544	2 699 506	25.5
Total payments	**110 802 556**	**119 256 329**	**(8 453 773)**	
NET RECEIPTS	**(40 577 556)**	**(44 357 648)**	**13 127 454**	

RECONCILATION

BASIS DIFFERENCE	
Depreciation and amortisation	6 661 079
Accruals	1 371 544
Provisions	416 509
Debt impairment	3 008 041
Actual Amount in the Statement of Financial Performance excluding the non cash items	**(32 900 475)**



ACCOUNTING POLICIES

1. BASIS OF PREPARATION

1.1 BASIS FOR MEASUREMENT

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

1.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

1.3 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

IMPAIRMENT OF DEBTORS

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

FAIR VALUE ESTIMATES

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

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

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

PROPERTY, PLANT AND EQUIPMENT

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

INTANGIBLE ASSETS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

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

1.4 GOING CONCERN

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

1.5 ACCRUAL BASIS OF ACCOUNTING

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

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

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

No effective date has been determined by the Minister of Finance

3. FINANCIAL INSTRUMENTS

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

RECOGNITION

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

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

MEASUREMENT

FINANCIAL ASSETS

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

3.1.RECEIVABLES FROM NON-EXCHANGE TRANSACTION

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

IMPAIRMENT OF RECEIVABLES

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

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

3.2 CASH AND CASH EQUIVALENTS

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

3.3 FINANCIAL LIABILITIES

MRTT's principle financial liabilities are accounts payable.

PAYABLES FROM EXCHANGE TRANSACTIONS

Accounts and other payables are stated at their nominal value.

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

DE-RECOGNITION

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

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

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

OFFSET OF FINANCIAL ASSETS AND LIABILITIES

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

RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

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

Risks and exposure are disclosed as follows:

CREDIT RISK

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

LIQUIDITY RISK

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

INTEREST RISK

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

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices

will affect the entities income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

PROVISIONS

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

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

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

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

CONTINGENT LIABILITIES

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

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

3.4. REVENUE

REVENUE RECOGNITION

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

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

REVENUE FROM EXCHANGE TRANSACTIONS

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

INTEREST INCOME

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

GAINS OR LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

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

OTHER INCOME

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

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

3.5. PROPERTY, PLANT AND EQUIPMENT

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

RECOGNITION

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

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

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

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

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

MEASUREMENT AT RECOGNITION

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

REPAIRS AND MAINTENANCE

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

SUBSEQUENT EXPENDITURES

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

DEPRECIATION

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

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

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

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

USEFUL LIVES

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

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

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

DE-RECOGNITION

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

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

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

IMMOVABLE ASSETS

Items of land and buildings are stated at revalued amounts, less accumulated depreciation on buildings and 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 3 years

DE-RECOGNITION

The carrying amount of intangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds with the carrying amounts.

3.7. INVENTORY

RECOGNITION

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

MEASUREMENT

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

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

MEASUREMENT AFTER RECOGNITION

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

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

RECOGNITION AS AN EXPENSE

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

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

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

3.8. IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

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

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

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

Revalued assets reversal of impairment is done through the revaluation surplus / reserve

3.9. PROVISIONS

RECOGNITION

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

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

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

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

MEASUREMENT

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

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

3.10. LEASED ASSETS

OPERATING LEASES

Leases that MRTT enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

3.11. EMPLOYEE BENEFITS LEAVE BENEFITS

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

ANNUAL BONUS PLANS

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

RETIREMENT BENEFITS

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

MEDICAL BENEFITS

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

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

3.12 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

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

3.13 RELATED PARTY TRANSACTIONS

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

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

(a) control the other party, or

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

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

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

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

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

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

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

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

3.14 INVESTMENTS IN SUBSIDIARIES

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

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	
	2022 R	2021 R	2022 R	2021 R
1. REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Transfers from provincial government	50 000 000	94 129 000	38 350 000	86 515 000
2. REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of service	27 421 087	26 307 456	24 886 107	24 090 932
3. OTHER REVENUE				
Bad debts recovered	12 574	4 803	12 574	4 803
Total Revenue	**77 433 661**	**120 441 259**	**63 248 681**	**110 610 735**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

Operating and administrative expenditure includes

4.1 PERSONNEL

Basic	39 890 924	43 992 112	39 164 454	43 280 170
Medical aid	777 217	944 321	777 217	944 321
Statutory payments	12 310 786	12 626 842	12 310 786	12 626 842
Provident and Pension fund	7 550 578	8 311 398	7 550 578	8 311 398
Allowances	345 268	392 150	345 268	392 150
	60 874 773	**66 266 823**	**60 148 303**	**65 554 881**

4.2 ADMINISTRATIVE

Rates and Taxes	1 482 255	1 207 893	1 482 255	1 207 893
Communication	2 197 276	1 261 398	2 197 276	1 261 398
Insurance	581 686	705 036	581 686	705 036
Motor fleet	994 091	732 510	994 091	732 510
Lease costs	449 050	254 213	449 050	254 213
Security	2 665 452	2 131 078	2 665 452	2 131 078
Rent	1 493 132	1 421 215	1 493 132	1 421 215
Printing and stationary	70 368	206 910	70 368	206 910
Repairs and maintenance	37 976	26 588	37 976	26 588
Other Admin Expenses	855 010	1 487 080	855 010	1 487 080
	10 826 296	**9 433 921**	**10 826 296**	**9 433 921**

4. OPERATING AND ADMINISTRATIVE EXPENDITURE

4.3 OTHER OPERATING EXPENSES

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Professional fees	4 938 650	1 615 700	4 938 650	1 615 700
Audit fees	3 992 651	4 638 322	3 992 651	4 638 322
Bank charges	291 920	224 692	291 920	206 995
Training material cost	6 853 347	3 227 633	6 853 347	3 227 633
Staff appointment and Recruitment cost	237 635	119 284	237 635	119 284
Marketing costs	305 202	136 121	305 202	136 121
Subsistence and travel	1 920 575	3 724 574	1 920 575	3 724 574
Other operating costs	26 425 821	32 803 774	15 975 222	25 951 818
	44 965 801	**46 490 100**	**34 515 202**	**39 620 447**

5. PROPERTY, PLANT AND EQUIPMENT

2021	Cost R	Accumulated depreciation R	Carrying Value R
OWNED ASSETS			
Land and buildings	129 618 862	(46 429 516)	83 189 346
Machinery and equipment	4 769 516	(1 641 647)	3 127 869
Motor vehicles	3 127 993	(2 262 948)	865 045
Office equipment	509 403	(267 767)	241 636
Office furniture	5 227 914	(3 315 262)	1 912 652
Domestic equipment	1 371 795	(517 805)	853 990
Computer equipment	2 378 141	(1 110 678)	1 267 463
TOTAL	**147 003 624**	**(55 545 623)**	**91 458 001**

The land and buildings were revalued as at 27 March 2019 by an independent appraiser registered as a Professional Associated Valuer with the South African Council for the Property Valuers Profession on a depreciated net replacement value with reference to recent market transactions on arm's length basis. The next revaluation will be performed by the entity for during the year that will end 31 March 2024. Land and buildings are re-valued every 5 years.

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

5.1 MOVEMENT MARCH 2021 FINANCIAL YEAR

	31 March 2021 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2022 Carrying Value R
OWNED ASSETS					
Land and buildings	88 768 763			(5 579 417)	83 189 346
Machinery and equipment	3 237 778			(109 909)	3 127 869
Motor vehicles	1 129 532			(264 487)	865 045
Office equipment	264 754			(23 118)	241 636
Office furniture	2 124 285			(211 633)	1 912 652
Domestic equipment	916 116			(62 126)	853 990
Computer equipment	1 252 762			14 701	1 267 463
TOTAL	**97 693 990**	**-**	**-**	**(6 235 989)**	**91 458 001**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

DETAILS OF PROPERTIES:

REF Farm Nyamassan 137 JU. The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms and a swimming pool. The site area is 29,423 square meters.	43 685 261
Erf 1603, Kabokweni (Registered as Erf 1458). The property includes a office block, 2 workshops and ablution block. The site area is 5,328 square metres.	12 630 740
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	27 880 067
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill and Skills Hub	11 590 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 352 694
	96 868 762

	31 March 2020 Carrying Value R	Additions R	Disposals R	Other R	Depreciation R	31 March 2021 Carrying Value R
OWNED ASSETS						
Land and buildings	102 966 029	-	-	(8 100 000)	(6 097 266)	88 768 763
Machinery and equipment	3 673 680	190 680	(368 193)	-	(258 389)	3 237 778
Motor vehicles	1 477 188		(40 658)	-	(306 998)	1 129 532
Office equipment	434 711	-	(121 545)	-	(48 412)	264 754
Office furniture	2 659 894	107 941	(343 117)	-	(300 433)	2 124 285
Domestic equipment	866 654	280 856	(151 657)	-	(79 737)	916 116
Computer equipment	1 434 925	116 449	(62 947)	-	(235 665)	1 252 762
TOTAL	**113 513 081**	**695 926**	**(1 088 117)**	**(8 100 000)**	**(7 326 900)**	**97 693 990**

DETAILS OF PROPERTIES:

REF Farm Nyamassan 137 JU. The property includes a hotel building, a double storey building, a single storey building, a manager's dwelling, a lapa, a guard room, two small garden store rooms and a swimming pool. The site area is 29,423 square meters.	46 873 264
Erf 1603, Kabokweni (Registered as Erf 1458). The property includes a office block, 2 workshops and ablution block. The site area is 5,328 square metres.	13 199 221
Erf 5 Ferrobank. The property includes an industrial building, workshops, ablutions and internal offices. The site area is 29,282 square metres.	29 852 332
Erf 21 Corridor Hill Township in Emalahleni, remainder of Zeekoeiwater Number 31, JS Stand 19, and the site area measures 1, 995 square metres and situated in a proposed township to be known Corridor Hill.	3 490 000
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street).	1 451 212
Skills Hub land	8 100 000
TOTAL	**102 966 030**

6. INTANGIBLE ASSETS

	2022			2021		
	Cost R	Accumulated Amortisation R	Net Book Value R	Cost R	Accumulated Amortisation R	Net Book Value R
Computer Software	492 311	(391 030)	101 281	395 941	(291 114)	104 827

RECONCILIATION OF INTANGIBLE ASSETS - 2022

	Carrying value R	Amortisation for the year R	Net Book Value R
Computer Software	104 827	(3 546)	101 281

RECONCILIATION OF INTANGIBLE ASSETS - 2021

	Carrying value R	Amortisation for the year R	Net Book Value R
Computer Software	236 727	(131 900)	104 827

	GROUP		COMPANY	
	2022 R	2021 R	2022 R	2021 R

7. CASH AND CASH EQUIVALENTS

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

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Cash on hand and balances in banks	3 243 488	13 329 568	3 109 435	13 089 809
Short term investments	1 519 411	41 542 926	1 519 411	41 712 933
	4 762 899	**54 872 494**	**4 628 846**	**54 802 742**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Gross trade receivables	19 864 731	19 840 906	19 864 731	18 054 200
Bad debts written off	-	-	-	-
Allowance for impairment	(16 345 546)	(18 763 697)	(16 345 546)	(16 976 991)
	3 519 185	**1 077 209**	**3 519 185**	**1 077 209**
Prepayments	-	-	-	-
Deposits	3 500	3 500	3 500	3 500
	5 522 685	**1 077 209**	**3 522 685**	**1 080 709**

9. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Transfers from provincial government	-	-	-	-
Bad debts written off	-	-	-	-
Allowance for impairment	-	-	-	-
	-	**-**	**-**	**-**

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

10. INVENTORIES

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Consumables	465 805	594 210	354 086	390 994

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Trade payables	12 229 613	22 411 139	9 783 738	1 085 858
Artisan development training	-	-	-	-
Accruals	1 371 544	975 413	1 371 544	1 921 999
Income received in advance	5 175 672	1 967 016	5 175 672	15 004 707
	18 776 829	**25 353 568**	**16 330 954**	**18 012 564**

12. EMPLOYEE BENEFITS

	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
Balance at the beginning of the year	5 876 870	5 220 238	5 876 870	5 220 238
Provision utilised	(646 995)	(1 369 362)	(646 995)	(1 369 362)
Provision raised in current year	230 486	2 025 994	230 486	2 025 994
Balance at the end of the year	**5 460 361**	**5 876 870**	**5 460 361**	**5 876 870**

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

	2022 R	2021 Restated R
Deficit for the year	(48 902 329)	(28 127 958)
Adjustments for the year		
Depreciation of property, plant and equipment	6 661 079	7 458 792
Impairment of inter company account	-	-
Debt Impairment	3 008 041	12 716 626
Movement in provisions of employee benefits	2 719 519	656 632
Loss on disposal	-	1 088 117
Movements in consolidation	1 246 772	(2 442)
Changes in working capital		
Increase in inventories	(12 911)	(135 714)
Decrease /(Increase) in trade and other receivables	(2 441 976)	(11 536 119)
Impairment	-	-
Intercompany account	-	-
Prepaid expenses	-	-
Increase in trade and other payables	(15 437 624)	14 750 124
Cash generated by operations	**(53 159 429)**	**(3 131 942)**

14. AUDITORS' REMUNERATION	GROUP 2022 R	GROUP 2021 R	COMPANY 2022 R	COMPANY 2021 R
External audit fees	3 319 517	3 237 020	3 319 517	3 237 020
Internal audit fees	673 134	1 401 302	673 134	1 401 302
	3 992 651	**4 638 322**	**3 992 651**	**4 638 322**

15. DIRECTORS AND MANAGEMENTS EMOLUMENTS

DIRECTORS' REMUNERATION: NON EXECUTIVE MEMBERS

FEES FOR SERVICES AS BOARD MEMBERS	2022 R	2021 R
Mr PP Maoko - Chairperson	470 140	199 218
Ms TE Mawelele - Resigned 3 February 2022	218 972	232 320
Mr BM Singwane	377 533	130 528
Mr TR Mokgoshi	395 676	199 134
Mr B Sibanyoni	564 400	305 026
Mr MI Tibane	507 351	229 599
Ms LM Motshwane	153 640	-
Mr HH Nkanyane	202 191	-
	2 889 903	**1 480 909**

EXECUTIVE MANAGEMENT 2022	Basic Salary R	Settlement amount R	Short term employment benefits R	Post employme nt 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 Oostihuizen - Chief Executive Officer	820 613	2 721 238	200 680	98 448	3 840 979
MG Jafta - CFO	1 404 700	-	66 323	168 868	1 639 891
ZL Khoza - Acting GM Technical Training Centres	1 024 464	-	168 223	123 717	1 316 404
B Hlatshwayo - Acting GM HTA (From 1 October 2019)	765 604	-	157 847	133 591	1 057 042
S Shungube - Acting GM Corporate Services (from 23 February 2021)	438 312	-	144 399	54 115	636 826
	5 755 581	**2 721 238**	**1 065 192**	**747 607**	**10 289 618**

16. RETIREMENT BENEFITS

	COMPANY 2022 R	COMPANY 2021 R

DEFINED CONTRIBUTION PLAN

has no obligation other than to make the monthly payments and no further risk. The risk of market movements lies with the employee. The treatment is to expense the contributions in the month to which they relate.

Total company contribution	7 550 578	8 311 398

17. LEASE COMMITMENTS

	2022 R	2021 R

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 2021	0 to 1 year R	2 to 5 years R
Future lease payments	1 014 499	65 450

18. COMMITMENTS

	2021 R	2020 R

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

Commitments	16 206 320	192 000

19. TAXATION

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

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

20.1. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure	-	1 000
Amount recovered from responsible official	-	(1000)
Current year	2 721 238	
Total	**2 721 238**	**0**

The entity incurred fruitless and wasteful expenditure in the current financial year of R2 721 238 as a result of a settlement paid to the former CEO of the entity

In the current year 2021-22 the Auditor General South Africa issued a Material Irregularity to the entity in relation to COVID 19 expenditure for 2020-21 financial year. The financial loss is yet to be determined.

Fruitless and wasteful expenditure for the previous financial year is due to penalties charged on the late submission of CIPC returns. The official responsible for the fruitless and wasteful expenditure has settled the amount in full

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

20.2 IRREGULAR EXPENDITURE

Opening balance	33 694 567	19 537 856
Add: Irregular Expenditure - current year	79 045 115	14 156 711
Less: Amounts condoned	(6 099 530)	-
Total	**106 640 152**	**33 694 567**

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
Department of Education	Controlling Department	-	-	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	2022 R	2021 R
Department of Education	4 859 524	4 776 195
Impairment of the balance at 100%	(4 859 524)	(4 776 195)
	-	-

2021 Nature of business	Relationship to company	Artisan Development Programme R	Purchases by related party R	Receipts from related party R	Inter Company account R
Department of Education	Controlling Department	-	21 970 991	94 129 000	-
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd		-	-	-	6 202 955
Impairment of the balance at 100%					(6 202 955)

KEY MANAGEMENT PERSONNEL

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

22. CONTINGENT LIABILITY

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

   Amount being contested is R106 956.

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

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%	11 501 053	-	-	-	-
Provision for employee benefits		3 157 351	-	-	-	-

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.

	2022 R	2021 R
Cash and cash equivalents	4 762 899	55 042 501
Receivables ageing is as follows - Current	1,799,109.92	6 545 497
- 30 days	1,732,588.12	455 902
- 60 days	11,611.89	4 169 154
- 90 - 120 days	6 306	2 750 605
- 180 days	16,327,627.84	5 961 436
TOTAL OF RECEIVABLES FROM EXCHANGE TRANSACTIONS	**19,877,243.87**	**19 882 594**

CURRENCY RISK

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

PRICE RISK

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

24. INVESTMENT IN SUBSIDIARY

During the financial year 2012/13 review the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MR TT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic and operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The consolidated Annual Financial Statements include the financial information for the 12 months ended 31 March 2021 of Royal Hotel.

25. BUDGET VS. ACTUAL INFORMATION

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

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended 31 March 2021 is presented above. The financial statements and budget documents are prepared for the same period. There is an entity difference: the budget is prepared for the general government sector and the financial statements consolidate all entities controlled by the entity. There is also a bases difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

The reasons for variances are listed below:

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

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

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

25.4 The unfavourable variance is due to the increase in projects that were not envisaged in the budget.

25.5 The favourable variance in capital expenditure is due to less capital assets being procured as envisage.

26. ACCOUNTING FRAMEWORKS OF HOLDING COMPANY AND SUBSIDIARY

The holding company uses GRAP as the accounting framework and the subsidiary uses IFRS for SMEs. There has been no adjustment necessary and the consolidated AFS are consistent.

27. RESERVES

	2022 R	2021 R

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

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

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

	2022	2021
	90 224 108	93 620 566

28. POST BALANCE SHEET EVENTS

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

MRTT

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MRTT

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