MPUMALANGA REGIONAL
TRAINING
TRUST

ANNUAL REPORT

2024/25

MRTT

CONTENTS

PART A

GENERAL INFORMATION

MRTT

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
PHYSICAL ADDRESS	Schonland Drive, N4 Offramp No 5 Moses Kotane Street Ferrorbank Emalahleni 1035
POSTAL ADDRESS	Private Bag X7288 Emalahleni 1035
TELEPHONE NUMBER/S	013 656 0875/0857
FAX NUMBER	013 656 0632
EMAIL ADDRESS	info@rttrust.co.za
WEBSITE ADRESS	www.rttrust.co.za
EXTERNAL AUDITORS	Auditor-General South Africa 12 Nel Street Mbombela 1200
BANKERS	Standard Bank Saveways Crescent Emalahleni 1035
COMPANY/BOARD SECRETARY	Mr. N. Mametja

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2. LIST OF ABBREVIATIONS / ACRONYMS

AFS	Annual Financial Statements
Agriseta	Agricultural Sector Education Training Authority
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B&CC	Building and Civil Construction
B-BBEE	Broad-Based Black Economic Empowerment
CATHSSETA	Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CCoE	Construction Centre of Excellence
CFO	Chief Financial Officer
CI	Corporate Identity
CRDP	Comprehensive Rural Development Programme
CRO	Community Resource Organisation
CETA	Construction Education and Training Authority
DBSA	Development Bank of Southern Africa
DoE	Department of Education
ETDP	Education Training and Development Practices
ETQA	Education and Training Quality Assurance
EWSETA	Energy and Water Sector Education and Training Authority
EXCO	Executive Council
FAR	Fixed Asset Register
FCMM	Financial Capability Maturity Model
FET	Further Education and Training
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HoD	Head of Department
HRM	Human Resources Management
HTA	Hospitality and Tourism Academy
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Individual Development Plan
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
MEC	Member of the Executive Council

MerSETA	Manufacturing, Engineering and Related Services Education and Training Authority
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MRTT	Mpumalanga Regional Training Trust
MTEF	Medium-term Expenditure Framework
MTPA	Mpumalanga Tourism and Parks Agency
NPC	Non-Profit Company
NQF	National Qualifications Framework
NYDA	National Youth Development Agency
NYS	National Youth Services
OTP	Office of the Premier
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PPI	Programme Performance Indicator
PPP	Public Private Partnership
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SETA	Sector Education Training Authority
SLA	Service Level Agreement
SMCO	Senior Management Committee
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
TR	Treasury Regulations
TTU	Technical Training Operations

3. FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL

Hon. LL Masina

MEC for Education, Mpumalanga Province

It is my privilege to present the Annual Report of the Mpumalanga Regional Training Trust (MRTT) for the financial year ended 31 March 2025. This report provides an account of the entity's performance, achievements, challenges, and its focus for the future in delivering on its mandate to empower the youth and communities of Mpumalanga through skills development.

ACHIEVEMENTS

In line with the 2025–2029 Medium Term Strategic Framework and the outcomes of MRTT recorded the following achievements during the year under review:

- Expanded access to accredited training programmes in hospitality, tourism, and technical trades to support provincial economic development priorities.
- Increased enrolment of youth and women in programmes, contributing to empowerment, job creation, and poverty alleviation.
- Strengthened collaboration with private sector partners to provide workplace learning and improve employability of graduates.
- Extended training initiatives to rural communities, contributing to inclusive growth and transformation.

These achievements demonstrate MRTT's continued alignment with government's policy objectives and its contribution to addressing unemployment and skills shortages.

CHALLENGES

The year also presented a number of challenges:

- Financial constraints which limited the expansion of some training programmes.
- Inadequate infrastructure in rural areas which affected training delivery.
- Rapidly changing industry requirements which necessitated continuous curriculum adjustments.

Despite these challenges, MRTT remained focused on its mandate and ensured that programmes were delivered effectively.

STRATEGIC FOCUS

Over the medium to long term, MRTT will:

- Consolidate its position as a centre of excellence in technical, hospitality and tourism training.
- Broaden its programme offerings to respond to new and emerging economic sectors.
- Explore sustainable funding models and partnerships to strengthen financial sustainability.
- Continue to contribute towards reducing unemployment and poverty in Mpumalanga.

ACKNOWLEDGMENTS

I wish to acknowledge the Board of Directors for their strategic leadership and guidance. I also extend my appreciation to management and staff for their commitment and dedication during the year under review.

The contribution of our government, industry, and community partners is equally appreciated, as their support remains crucial to the success of MRTT.

CONCLUSION

MRTT continues to play an important role in building a skilled and competitive Mpumalanga. As we move forward, I am confident that the entity will sustain its momentum and deliver on its mandate in line with government priorities and the needs of our communities.

Hon. LL Masina

MEC for Education:

Department of Education, Mpumalanga Provinca

Date: 31 July 2025

4. FOREWORD BY THE CHAIRPERSON OF THE BAORD

Mr. Petro Maoko
CHAIRPERSON OF THE BOARD

The five-years of the 6th administration has been a very difficult period, not just to us as an entity, but the country as a whole. The period was characterized by the spread of the unforeseen and unknown COVID-19 pandemic, which came with severe health and economical challenges. The period brought about serious economic declines that resulted to reduced budget allocations for government departments and public entities which we are still feeling its impact in our operations today. This meant that some of the planned programmes and projects had to be postponed or reduced to align the plans to available budget. I am therefore, humbled as the Chairperson of the Board, in presenting this annual report which marks the end of the 6th Administration and yet we managed to survive and adjusted to those budget cuts and this report we are presenting for the 2024-2025 financial period is evident of our resilient and survival character as an entity of government.

Having said, as Board of Directors leading and directing the entity's under financially constrains circumstances and still be able to report good performance, one can only be left with gratitude and appreciation on the work of the entity as documented in this report we are presenting. As a board, we are satisfied and pleased having witnessed the journey of entity working tirelessly to ensure we remain relevant in the province. As we transition to a new era of the 7th Administration, MRTT remains relevant in delivering quality service in relation to skills development in the province. The Board is confident that in the next coming five years, the entity will move with significant strength and impact towards building on its legacy of vocational training excellence and position itself as a leader in addressing Mpumalanga's evolving skills development needs and demands.

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

The presented entity's Annual Report for the financial reporting period of 2024-2025 marks the end period of the implementation of the 5-year Strategic plan of the Sixth Government Administration. As we close this administration the financial constraints we have been operating under in the past five years are still lingering and affecting our performance in the area of our working environment. The entity being mandated to upskill and training out of school youth from less fortunate and disadvantaged communities through various skills and development initiatives finds itself being seriously challenged as we continue working towards targeting the less fortunate who are continually facing their own financials constrains that hinders them from paying their training. This challenge in turn affects the entity's own revenue generation efforts which are based on learner fees. As a result, the entity's operation environment was very much challenged financially during the period under review.

Having said that, we strongly believe that our skills development training programmes are still relevant in supplying the market with skilled labour in Construction, Engineering, Manufacturing, Agriculture and Hospitality and Tourism industries. We have witnessed various successful stories from the ending five-year period with our former learners establishing their own businesses in various section and some receiving work opportunities across the country and including working overseas. This kind of achievements for our learners proves that the entity is indeed still relevant in the province in continuing to deliver on its mandate for skills development and training of our youth thus empowering them to better their lives and lesson the triple challenges of poverty, unemployment and inequality.

In light of the above as we transition to the 7th Administration (2024-2029), the entity remains committed in delivering on its mandate through empowering the youth of the Mpumalanga province, particularly the marginalised communities so they can also contribute and play an active role in our economy. We move forward aligning ourselves and in support of the seventh administration strategic priorities outlined as follows: fostering inclusive growth and job creation, reducing poverty and tackling the high cost of living, and building a capable, ethical, and developmental state. These strategic interconnected priorities aim to empower the very same target market that the entity is servicing which includes historically marginalised groups, particularly black South Africans and women, by addressing systemic inequalities and accelerating socio-economic development. Through transformative policies and targeted interventions, the Administration seeks to harness the full potential of South Africa's skills and resources to achieve equitable wealth distribution and sustainable national progress.

STRATEGIC RELATIONSHIPS

Strategic partners play a crucial role in an organization's working environment. Through strategic partnership organisations are able to gain access to critical resources, expertise, and markets, ultimately enhancing competitiveness and achieving strategic goals. Such partnerships when well managed by an organisation, they essentially become an external extensions of the organization, allowing it to leverage resources and capabilities it

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may lack internally. That being the case, the MRTT has prioritised strategic partnership and is already benefiting in some areas, including our key strategic partner for our Hospitality and Tourism Academy, the Mpumalanga Tourism Parks Agency (MTPA) where the entity is able to participate at the Africa International Travel Indaba through the partnership. Furthermore, through the Technical Training Operations our strategic partnership with National Youth Development Agency (NYDA) and the Nkangala TVET Colleague has yielded positive results through the funded programmes we are currently implementing for both institutions.

Skills development is central to economic growth and essential for addressing persistent socio-economic challenges through aligned strong partnerships. In winning in a holistic approach in delivering on our key mandate the entity needs strategic partners from both government entities and from private business sector industries. As such the entity's strategic focus is also aligned to strategic partners that are key as an exit strategy for skilled learners who are ready to enter the work environment or to establish their own businesses. It is therefore, imperative the MRTT continue to strengthen strategic partnerships with relevant public and private sector institutions that are capable of enhancing our skills development strategic priorities and efforts.
Sound governance remains fundamental to the entity's success and financial sustainability. By strengthening partnerships with the private sector, donors, and government stakeholders, MRTT will expand its resource base, foster innovation, and broaden the reach of its programs. A strong commitment to operational excellence and accountability will ensure that every initiative contributes effectively to achieving the institution's strategic objectives.

Through continuous efforts of securing key strategic partnerships, MRTT will succeed in creating job opportunities, fostering entrepreneurial development, and promoting sustainable livelihoods. Particular attention will be given to addressing youth unemployment through targeted training programmes, work-integrated learning opportunities, and mentorship initiatives. These efforts will contribute to building a skilled and competitive workforce capable of meeting the province's evolving economic demands.

CHALLENGES FACED BY BOARD

- **Financial constraints**
  The funding of projects is more often controlled by government budgets. The nature of training institution like MRTT is skill and training based with more funding required that may not necessarily be prioritized by the government of the day. The Budgetary issues experienced in the current administration have a potential ripple effect that may affect the operations of the entity like ours.

- **Stakeholder Complexity**
  Boards and relevant officials normally engages with a diverse range of stakeholders as the entity already does. The stakeholders could be the public at large, private sector, labour unions, advocacy groups and the three spheres of government, as well as their respective entities. These engagements may have a potential challenge to the board by way of policy and structural changes that comes with new national or provincial government/s such as the current government of national unity (GNU). The revenue generating targets of the boards may not be the same with those of government.

- **Accountability and Transparency**
  The public boards are bound by the higher standards of accountability and transparency than the private sector by virtue of their fiduciary duties and obligations of handling public funds. Compliance with procurement laws automatically becomes key elements of transparency. The disclosure of information, personal or otherwise, and undergoing of audits by the Auditor General and parliamentary scrutiny may be a challenge to Boards clothed as accountability or transparency.

- **Conflicting mandates**
  The balancing of commercial objectives with social or public service goals may be difficult terrain for the Boards to explore. A case in point may be the SETAs ran at national sphere of government. The national government vision and mission of these SETAs across at various levels may not necessarily align with those of the entities led by the board. The national government should balance profitability with providing affordable service especially for the low-income communities.

- **Limited flexibility and Bureaucracy**
  The government rules and processes might slow down decision making and hinder innovation. Engagement and hiring of decisions from the private sector may require all three spheres of government.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG TERM PERIOD

The entity's medium term strategic vision focuses on enhancing MRTT's capacity to deliver vocational training programs that align with the Mpumalanga province economic needs. To achieve this, the entity plans to prioritise modernising infrastructure, expanding program offerings, and adopting advanced Information and communication technologies to enhance learning outcomes and operational efficiency. The board is dedicated to aligning MRTT's initiatives with emerging industries critical to Mpumalanga's economic growth, such as renewable energy, information technology and Hospitality. By addressing these pivotal sectors, MRTT will ensure our graduates are equipped to excel in a knowledge-driven economy. Achieving these ambitious goals requires robust financial strategies that reduce reliance on government support and promote long-term sustainability.

Our long-term strategic goals are focused on the integration of systems (Payroll, SCM, HRM, Learner Management, Record Management), Monitoring and Evaluation, including the implementation of new and approved Organisational Structure which requires, financial boosting. Diversifying funding through strategic partnerships with the public, private sector donors, and industry that will be key to strengthening financial resilience. These collaborations will also foster innovation and open new opportunities for growth.

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ACKNOWLEDGEMENTS/APPRECIATION

Words alone cannot express the outmost gratitude we have towards our mother department, the Mpumalanga Department of Basic Education under the leadership of the MEC Ms Cathy Dlamini, and her executive management for the continuous support we are receiving from them. As Chairperson of the Board, and on behalf of the Board of Directors, the Chief Executive Officer of MRTT, Senior Management and all staff I would really like to express great acknowledgement and appreciation of the department.

Great appreciation and acknowledgement also goes to all our key stakeholders and partners who worked with us successfully during the 6th Administration and we trust the working relations will be elevated to greater heights in the coming five-year period too.

CONCLUSION

Once again, it gives me great pleasure and gratification in delivering the 2024 2025 financial year Annual Report. We believe the report reflect the dedication and hard work the entity has laboured on in ensuring we deliver on our key mandate of skills development.

Yes, we may have been constrained financially which automatically impacts negatively on our planned target. However, the report reflects some great achievement that are worth noting and appreciating, including some over achievements of our targets resulting from enhanced efforts on strategic stakeholder relations.

Mr. PP Maoko
Chairperson:
MRTT Board of Directors Mpumalanga Regional Training Trust
Date: 31 July 2025

5. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr. CD Maebela
CHIEF EXECUTIVE OFFICER

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The 2024–25 financial year was a challenging period for the Mpumalanga Regional Training Trust (MRTT) in terms of budget allocation. The constrained fiscal environment necessitated strategic financial management to sustain operations and service delivery. The Department of Education allocated a total budget of R81,500,800, which included a vital budget adjustment of R20,000,000 that enabled the entity to meet its obligations and complete the financial year. Despite the limited allocation, MRTT made concerted efforts to bolster its financial position by generating own revenue amounting to R20,730,944 through various streams, including training projects, tuition fees, and the operations of the MRTT Hotel. These self-generated revenues played a significant role in supporting core operational activities.

SPENDING TRENDS OF THE PUBLIC ENTITY

MRTT managed its expenditures in line with the allocated grant; however, the year concluded with spending that exceeded the approved budget, resulting in an over-expenditure that has been transparently disclosed as irregular expenditure in the Annual Financial Statements (AFS). The breakdown of expenditure is as follows:

- Compensation of Employees: R59,2 million
- Goods and Services: R66,1 million
- Capital Expenditure: R581,000

The irregular expenditure was primarily driven by operational demands and the delayed receipt of the budget adjustment, necessitating unplanned commitments.

REQUESTS FOR ROLL-OVER OF FUNDS

During the 2024–25 financial year, MRTT did not submit any requests for the roll-over of allocated funds. The entity aimed to fully utilise the available budget within the financial year to avoid underspending and ensure effective implementation of planned programmes.

SUPPLY CHAIN MANAGEMENT

MRTT remains committed to compliance with all prescribed Supply Chain Management (SCM) laws and regulations. The SCM policies were reviewed, updated, and duly approved to ensure alignment with the Preferential Procurement Policy Framework Act (PPPFA) and other applicable legislative frameworks. Compliance is a key priority, and all SCM practices are implemented in accordance with applicable standards and policies.

CONCLUDED UNSOLICITED BID PROPOSALS

There was no unsolicited bid proposals concluded during the 2024–25 financial year. MRTT continues to uphold transparency and competitiveness in its procurement processes.

SCM PROCESSES AND SYSTEMS IN PLACE

The entity utilises an advanced procurement module to manage procurement processes efficiently. The system is user-friendly, secure, and supports access rights that are defined according to each practitioner's level and role. This technological capability enhances accountability and streamlines procurement activities across the organisation.

CHALLENGES EXPERIENCED AND RESOLUTIONS

The principal challenge faced by MRTT during the financial year was the constrained budget allocation. In response, the entity implemented cost curtailment measures, prioritised spending on its core mandate, and relied significantly on the R20 million budget adjustment to alleviate financial pressure. These interventions were critical in ensuring operational continuity and financial sustainability during the reporting period.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND CORRECTIVE MEASURES

In addressing matters raised in the prior audit report, MRTT developed a detailed Audit Action Plan. This plan was rigorously monitored on a monthly basis through all governance structures, including internal audit, executive management, and oversight committees. Continuous engagement and implementation of corrective actions have been prioritised to enhance financial governance and compliance.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE ENTITY

The Mpumalanga Regional Training Trust (MRTT) continues to face persistent capacity constraints and operational challenges, primarily driven by limited budget allocation. The constrained financial environment has significantly impacted the entity's ability to execute its full mandate effectively, including the expansion of its training programmes, infrastructure maintenance, recruitment of specialized personnel, and timely procurement of critical training.

However, the mid-year budget adjustment process provided a measure of relief. The additional funding, though modest, enabled MRTT to stabilize key operational areas and ensure continuity of services during the financial year. This financial intervention helped prevent program interruptions, ensured payment of critical service providers.

Despite these interventions, the entity remains under financial pressure, and the structural budget insufficiency continues to limit the full realization of MRTT's strategic objectives. The continued dependency on the fiscus without a parallel and predictable stream of self-generated revenue exacerbates the risks to operational sustainability in the medium to long term.

DISCONTINUED KEY ACTIVITIES /ACTIVITIES TO BE DISCONTINUED:

During the period under review, no key activities were discontinued. All strategic and operational initiatives outlined in the approved Annual Performance Plan (APP) continued to be implemented in line with the allocated budget and available resources.

The continuity of all programmes, including those focused on artisan development, hospitality and tourism training, and skills development aligned to the priorities of the Mpumalanga Provincial Government, was maintained. MRTT remains committed to ensuring that all its planned activities are implemented effectively, subject to the availability of financial and human resources.

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

Looking ahead, the Mpumalanga Regional Training Trust (MRTT) acknowledges the need to strengthen its financial sustainability and reduce reliance on the provincial equitable share. As part of its future plans to address financial challenges, MRTT will adopt a multi-pronged strategy focused on the following:

- **Continued Engagement with Key Stakeholders:** MRTT will maintain consistent engagement with the Provincial Treasury and the Department of Education to advocate for increased and more predictable budget allocations.
- **Enhanced Revenue Generation Initiatives:** The entity will intensify efforts to generate own revenue through the implementation of income-generating projects
- **Cost Containment and Efficiency Improvements:** MRTT will continue to review internal processes to identify cost-saving opportunities without compromising service quality.
- **Investment in Monitoring and Evaluation:** The entity plans to strengthen its monitoring and evaluation systems to track programme impact and financial performance more effectively. This will help in presenting compelling results-oriented narratives during funding engagements with government and development partners.

EVENTS AFTER THE REPORTING DATES:

There were no significant events to report after the reporting date

ECONOMIC VIABILITY: CFO TO ASSIST FURTHER

With continuous support from the Department of Education, Provincial Treasury, and internally generated revenue, MRTT remains economically viable and is expected to continue as a going concern for the foreseeable future.

ACKNOWLEDGEMENT/S/ APPRECIATION

My great appreciation for once again succeeding in concluding another financial year despite the many challenges we face as an entity, goes firstly to the Board of Directors under the leadership of the Chairperson of the Board. Also to acknowledge members of senior management who are always backing me up in ensuring we achieve what we have set to achieve, and where we did not achieve plans to address the gaps are being put in place for improvement of non- performance where application.

I would also like to further extend my appreciation and gratitude to all staff members who have also dedicated themselves to this entity in ensuring that we deliver on the mandate we have been entrusted with by the Provincial Government.

Mr. CD Maebela
Chief Executive Officer
Mpumalanga Regional Training Trust (MRTT)
Date: 31 July 2025

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report is consistent with the annual financial statements.
- 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 F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully

Mr. PP Maoko
Chairperson of the MRTT Board
Mpumalanga Regional Training Trust (MRTT)
Date: 31 July 2025

Mr. CD Maebela
Chief Executive Officer
Mpumalanga Regional Training Trust (MRTT)
Date: 31 July 2025

7. STRATEGIC OVERVIEW

7.1 VISION

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

7.2 MISSION

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

7.3 VALUES

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

8. LEGISLATIVE MANDATES

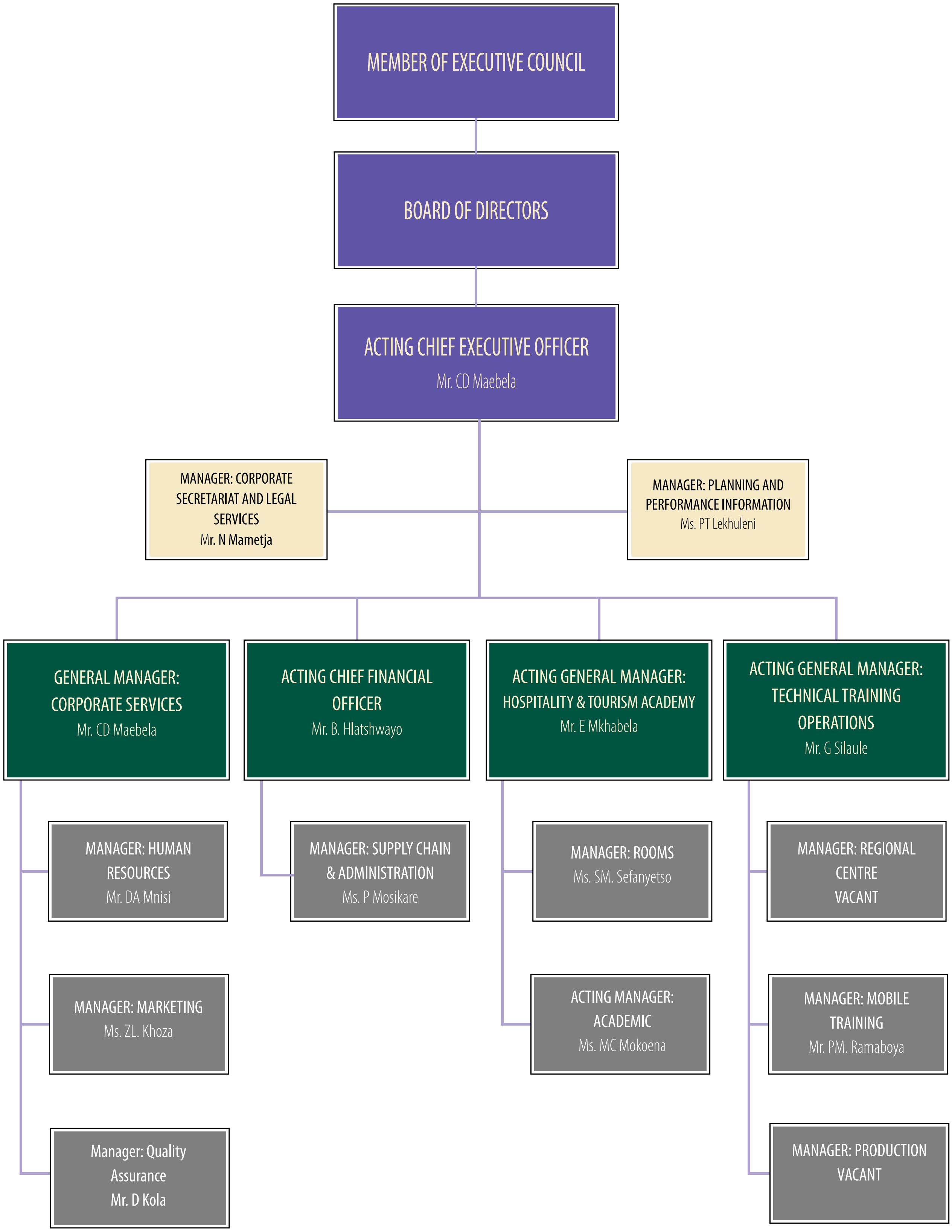
The MRTT is registered as a schedule 3C entity in terms of the Public Finance Management Act, No. 1 of 1999.

MANDATE	PURPOSE
CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT NO 108 OF 1996	This legislation requires education to be transformed and democratised in accordance with the values of human dignity, human rights and freedom, non-racism. It guarantees basic education for all with the provision that everyone has the right to basic education, including adult basic education and provision of Further Education and Training.
SKILLS DEVELOPMENT ACT NO 97 OF 1998	Increasing the skills levels of human resources in the workplace and, in addition, to support career pathing.
SOUTH AFRICAN QUALIFICATIONS AUTHORITY ACT NO 58 OF 1995	Provides for the development and implementation of the National Qualifications Framework and, for this purpose, establishes the SAQA, and to provide for matters connected therewith.
LABOUR RELATIONS 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 furthermore promotes and maintains sound labour practices.
PUBLIC FINANCE MANAGEMENT ACT NO 1 OF 1999	Regulates financial management and ensures that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively to provide for the responsibilities of persons entrusted with financial management in the government and to provide for matters connected therewith.
COMPANIES ACT NO 71 OF 2008	Provides for the incorporation, registration, organisation and management of companies. In addition, it provides for equitable and efficient mergers and takeovers of companies.
EMPLOYMENT EQUITY ACT NO 55 OF 1998	Promotes the constitutional right of equality and the exercise of true democracy; eliminates unfair discrimination in employment; ensures the implementation of employment equity to redress the effects of discrimination.
BASIC CONDITIONS OF EMPLOYMENT ACT 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 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 NO 85 OF 1993	Provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.

OTHER LEGISLATIVE FRAMEWORK

- Registered and a constituent member of the Education, Training and Development Practitioner SETA (ETDP SETA) under the Skills Development Act, 1998 (Act No. 97 of 1998) and the Skills Development Levies Act, 1999 (Act No. 78 of 1999) - Skills Levy No. L10073499
- Registered as a National Training Provider with the Department of Labour, Registration No. 5869

9. ORGANISATIONAL STRUCTURE



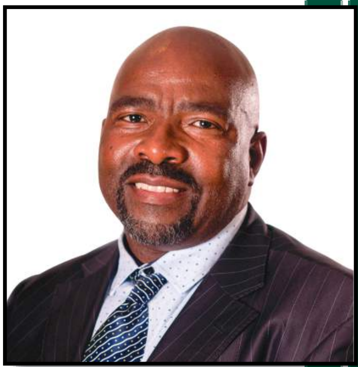
MPUMALANGA REGIONAL TRAINING TRUST

MRTT

10. MEMBERS OF THE BOARD

PP MAOKO
CHARIPERSON

L MOTSHWANE
NON-EXECUTIVE DIRECTOR



TR MOKGOSHI
NON-EXECUTIVE DIRECTOR

B SIBANYONI
NON-EXECUTIVE DIRECTOR

B HH NKANYANE
NON-EXECUTIVE DIRECTOR

MI TIBANE
NON-EXECUTIVE DIRECTOR

PART B

PERFORMANCE INFORMATION

MRTT

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 112 of the Report of the Auditors Report, published as Part F: Financial Information.

2. OVERVIEW OF THE ENTITY'S PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

The financial year 2024/25 marks the 5th year towards the implementation of the 5-year Strategic plan of the 6th administration. This financial year continued to operate under a financially constrained environment after the series of events crippling the economy of the country since the commencement of the implementation of the 5-year plan in 2020. Contrary, the entity thrived beyond reasonable doubt to deliver services to its stakeholders.

Various tools and platforms were used to reach and interact with the public and stakeholders to fuel the service delivery stance of the entity.

Stakeholder engagement is one of the crucial tools for enhancing service delivery. As such, the entity strengthened its interaction with strategic stakeholders on various platforms and this yielded positive results. The fruits of these engagements, includes but not limited to the; Business & Cooperatives Training for 38 CRDP Mix Farming Systems learners based in Mkhondo and Dipaliseng municipalities as well as partnership with Nkangala TVET College to assist the college with ARPL assessment Project of 59 candidates funded by construction SETA (CETA).

Being the custodian of training the most underprivileged youth in the Mpumalanga province. The entity ensured that it operates and serve its customers in accordance to the Batho Pele principles;

Information- Information on important news, events, programmes and policies was advertised and communicated on various social media platforms as well as on the website which was also updated timeously, to ensure that it reaches all youth of the Mpumalanga Province even those in remote areas. Over and above that, information about the services of the entity was distributed through career exhibitions and advertisements. At the end of the 2024/25 financial year the entity reached out to 14 937 followers on all platforms.

Value for money: The services that were delivered in the said financial year, had value for money for learners as it was not only Theoretical courses the entity ensured that leaners were also ready for work through its workplace training, coaching and mentorship programme at the end of the financial year 342 leaners were exposed to the programme.

Transparency: The entity ensured that they were transparent about the services offered, fee paying courses and amounts were disclosed. Over and above, the entity published its Annual Performance Plan, Annual Report and financial standing of the Prior year to be transparent to the public about both the financial and non- financial performance of the institution.

Access: The centres are located within the communities making it easy to be accessible by the target market. Furthermore, the mobile training programme also ensured that services are also accessible to other parts of the province.

The challenge encountered was on training of more chefs needed to be absorbed by the industry, to also meet the marketing efforts by the Department of Tourism and a steady increase in domestic tourism. This can be corroborated by the statements from the sectoral skills plan from Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) whom highlighted the shortage of chefs and cooks in the industry, coupled with an increase in international tourists fuelled by the affordable currency. Also, the state of the Hotel with regards to its infrastructure is halting the Hotel from reaching its full-service delivery potential.

2.2. ORGANISATIONAL ENVIRONMENT

The entity witnessed instability in leadership for the period under consideration. Two Chief Executive Officers resigned and the post has been on acting basis since September 2023. Notwithstanding the above, the Chief Financial officer was also suspended and Acting personnel was appointed, this means that out of the five senior officials of the entity, three are on acting basis. Additionally, critical posts were filled to enable the organisation to execute its mandate and achieve its strategic objectives.

After unsuccessful attempts to review the organisational structure for the past years, the 2024/25 financial year made strides to ensure the structure is reviewed in line with legislated prescripts. The structure was finally reviewed and gave a strategic direction to the entity, on one hand ensuring that the vacancy rate is well managed whilst on the other hand enabling a proper allocation of responsibilities among available human resources. A number of critical positions were filled. The entity also managed to review all Human Resources Management policies aimed strengthening the operations of the organisation as well as enabling the implementation of performance management system across the board.

Budgetary constraints had also been a major challenge affecting the entity's operations. As a result, training and development of employees was not prioritized due to the above and this impacted negatively on the workplace skills plan that was developed and submitted to the relevant authorities

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Mandated with the training of out of school youth which is crucial in the development of skills in the province and nationally, as it provides technical skills that are needed by industry and the market. The entity set out its outcomes at the beginning of the sixth administration aligned to the Medium-Term Strategic Framework Priority 3 Education Skills and Health. As set out in the Strategic Plan 2020/21-2024/25 the entity committed to the following outcomes:

- Provision of theoretical and practical skills training,
- Provision of mentoring and couching for workplace integrated learning,
- Accredited skills training and qualification programmes,
- Artisan development,
- Graded and accredited accommodation services and workplace training,
- Comprehensive Rural Development programme (CRDP),
- Provision of mentoring and coaching for workplace integrated learning,
- Assuring quality of training,
- Clean audit opinion,
- Increased leaner intake,
- Administrative support management,
- Legal and secretariat management,
- Human Resource management, and
- Monitoring and evaluation

The above outcomes were thus delivered through a set of programmes which are aligned towards providing skills that would be used to grow the economy and provide opportunities to its service delivery beneficiaries. The programmes are designed in a way that will ensure learners who do not have academic backgrounds are able to get both theoretical and practical.

Notable achievements on theoretical and practical skills training were observed with 125 leaners trained on theoretical content on both Culinary and Hospitality studies. A further 137 leaners were trained on customized training surpassing the planned target of 20 for the financial. With regards to mentoring and couching for workplace, 298 learners received practical work exposure on Rooms as well as Food and Beverage.

A total number of 592 leaners received training on various programmes such as Comprehensive Rural Development Programme (CRDP) which assisted on upskilling communities within deep rural local municipalities; accredited skills training and qualification programmes which was aimed at upskilling and enabling its beneficiaries secure employment opportunities or to be self-employed as well as through Artisan Development. With regards to workplace training, a total of 70 leaners were placed on various workplace programmes. This notable achievement can also be attributed to the opportunities received through secured projects during implementation of ECD Maintenance projects.

The entity did its outmost best in the provision of administrative support to ensure the entity achieve its mandate. The Entity ensure that at least 95.25% of contractors are paid within 30 days to fast track service delivery. Of the companies that did business with the entity, 73.75% fell on the B-BBEE category. An institution well governed in accordance to laws and legislative prescripts tends to produce good outcomes. As such, the entity complied to the Revised Framework on Strategic Plan and Annual Performance Plan, and thus developed one Annual Performance Plan to be implemented for the 2024/25 financial year to track the organisation progress toward the achievement of its strategic objective. With regards to the Co-ordination and maintenance of quality training processes, and improvement of services. The entity continued to maintain its primary accreditation as well as getting the approval of its four programmes with:

- Manufacturing, Engineering and Related Services Education and Training Authority (MerSETA),
- Energy and Water Sector Education and Training Authority (EWSETA),
- Agricultural Sector Education Training Authority (AgriSETA), and
- Culture, Arts, Tourism, Hospitality, Sport Sector Education and Training Authority (CATHSSETA)
- and managed to apply for the application and submission of accreditation for Quality Council for Trades and Occupations (QCTO) Qualifications.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

PURPOSE OF THE PROGRAMME

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

PROGRAMME 1 SUB-PROGRAMMES AND PURPOSE

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

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

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

INSTITUTIONAL OUTCOMES

Provision of theoretical and practical skills training in a graded and accredited establishment

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The training of learners at the Hospitality and Tourism Academy was a resounding success that the targeted number of learners was surpassed in some training programmes, notably Culinary Studies. A total of 125 learners were trained in SAQA registered programmes Culinary Studies and Hospitality Studies. This over achievement can be attributed to the marketing efforts on learner recruitment which were intensified on social media and career exhibitions as well as CATHSSETA funded learnership programme for professional cookery Not only were they trained theoretically, the learners were also coached and mentored in a graded and accredited establishment.

At the end of the financial year, 219 learners were successfully coached and mentored on the management of the food and beverage operations. The budgetary constraints proved to be hampering the operation's progress, considering the filling of vacant positions that are key in the workplace coaching and mentoring of learners, current or modern equipment and utensils, training aids & facilities and training and development of employees. Various measures were taken to help mitigate all the challenges inter alia, rotation of learners in practical classes, the use of the production kitchen for practical and sending learners to other establishments (Partners) where state of art equipment and utensils are used in a bid to empower and expose the learners for seamless.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME 1 HOSPITALITY AND TOURISM ACADEMY / SUB-PROGRAMME: ACADEMIC							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	**ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: PROVISIONOF THEORETICAL AND PRACTICALSKILLS TRAINING IN A GRADED AND ACCREDITED ESTABLISHMENT							
Coaching and mentoring of learners in a graded and accredited establishment (Food and Beverage)	**POI 101:** Number of learners to receive training in SAQA registered Learning Programmes in Culinary Studies	63 learners enrolled 112 learners for 2023/24	102 learners	50 learners	110 learners	60 learners	There was a positive response on the recruitment of learners for culinary studies and also the CATHSSETA funded learnership Programmes for Professional Cookery
	POI 102: Number of learners to receive training in SAQA registered learning programmes in Hospitality Studies	8 learners	36 learners	20 learners	15 learners	5 learners	There was less interest on the bar attendance programme however a constant recruitment drive on social media on the demand of programmes will be employed to assist in the next financial year
Learners receiving customized skills training	**POI 103:** Number of learners to receive customized training	38 learners	70 learners	20 learners	157 learners	137 learners	The over achievement is due to food handling, housekeeping and Business management customized training needs identified by the clients during the year. Whom were trained on entrepreneurship / business management training (Customized training). This increased the need to coach and mentor more learners
Coaching and mentoring of learners in a graded and accredited establishment (Rooms)	**POI 104:** Number of learners receiving coaching and mentoring in the workplace	70 learners trained in Academic	94 learners	70 learners	79 learners	9 learners	Target achieved due to more learners scheduled for coaching and mentoring in the workplace.
Coaching and mentoring of learners in a graded and accredited establishment (Food and Beverage)	**POI 105:** Number of learners receiving coaching and mentoring in the workplace (Culinary)	60 learners trained in Academic	61 learners	50 learners	111 learners	61 learners	There was a positive response on the recruitment of learners for Culinary studies and also the CATHSSETA funded learnership Programmes for Professional Cookery
	POI 106: Number of learners receiving coaching and mentoring in the workplace (Hospitality Studies)	25 learners trained in academic	92 learners	20 learners	108 learners	88 learners	There was a positive response on the recruitment of learners for Culinary studies and also the CATHSSETA funded learnership Programmes for Professional (Hospitality Studies)

LINKING PERFORMANCE WITH BUDGETS

The Hospitality and Tourism Academy (HTA) at the MRTT faced financial challenges in the period leading up to 31 March 2025. The primary issue was a reduction in their budget allocation. This cut in funding created a shortfall, making it difficult for the academy to cover its operational expenses and maintain its regular activities.

To address this financial gap, the HTA had to rely on its own generated revenue. This revenue likely came from various sources, such as:

- **Training Programmes and Courses:** Fees collected from individuals and organisations participating in the academy's training programmes and courses.
- **Hotel and Accommodation Services:** Income from the operation of the academy's hotel, including lodging, events, and conferences.
- **Catering and Hospitality Services:** Earnings from providing catering and other hospitality services for events and functions.

By utilizing this self-generated revenue, the HTA managed to sustain its activities despite the budget cut. However, this approach has also put a strain on the academy's financial stability, as it required tapping into resources that have been allocated for other purposes or future development.

	2023 /2024			2024/2025		
PROGRAMME 1	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Academic	3 831	4 962	-1 131	4 793	4 764	29
Rooms	8 766	12 423	-3 657	10 478	10 415	63
Food and Beverage	3 699	4 520	-821	4 170	4 145	25
TOTAL	**16 296**	**21 905**	**-5 609**	**19 441**	**19 324**	**117**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There was less interest on the bar attendance programme however a constant recruitment drive on social media on the demand of programmes will be employed to assist in the next financial year.

3.2. PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

PURPOSE OF THE PROGRAMME

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

PROGRAMME 2 SUB-PROGRAMMES AND PURPOSE

Training Centres: Develop skills in construction, manufacturing, metal trades, mechanical, electrical and related trades.

Mobile Training: Provision of quality training through secured funded programmes including skills programmes, learnerships and apprenticeships by upskilling and supporting unemployed youth in local municipalities.

Technical Production: Secure projects for income generation and to provide workplace training for MRTT learners.

INSTITUTIONAL OUTCOMES

Provision of accredited skills training and qualification programmes.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Based on its Mission "To provide quality-training interventions, work integrated learning. Placement and after care according to the demand of the market that we serve for job creation and poverty alleviation". The entity delivered a 86% (6 out of 7) performance achievement under Programme 2. Quality training was delivered optimally, with 249 learners trained on accredited programmes through apprenticeship and learnerships and 133 trained through secured funding in skills programmes; learnership and Apprenticeships towards Artisan Development. Furthermore, the entity thrived to ensure that learners are not only being trained theoretically but they also get practical work experience to supplement what was leant in class. As such, a total of 70 learners were placed on various workplace programmes.

At the end of the financial year the entity managed to secure 3 projects which assisted in terms of work placement opportunities for learners 60 candidates were assessed on RPL and Trade Testing, this was aimed at determining the skill competency level of workers and certify competent workers as qualified personnel in their field.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING

There were no revisions under this programme.

MRTT

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	**ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASON FOR THE REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGET
OUTCOME: PROVISION OF ACCREDITED SKILLS TRAINING AND QUALIFICATION PROGRAMMES							
Learners trained in accredited programmes through apprenticeship and learnerships at different levels	**POI 201:** Number of learners to receive accredited or customised institutional training and continuing	428 learners	107 learners	150 learners	249 learners	99 learners	The intensified marketing drive has improved awareness and attracted more learners
Candidates on RPL and Trade Testing	**POI 202:** Number of candidates on RPL and Trade Testing	60 Candidates	53 candidates	40 candidates	60 candidates	20 candidates	Improved recruitment processes and the learners who completed the Bricklayer CETA Apprenticeship were trade tested
Learners trained through secured funding on skills programmes; Learnerships and apprenticeship	**POI 203:** Number of learners trained through secured funding in skills programmes; learnership and Apprenticeships towards Artisan Development	1536 learners	117 learners	100 learners	133 learners	33 learners	The intensified marketing drive has improved awareness and attracted more learners
Learners on workplace training and incubation programme	**POI 204:** Number of learners targeted for workplace opportunities and incubation programme	120 learners	17 learners	40 learners	42 learners	2 learners	The intensified marketing drive has improved awareness and attracted more learners
Learners trained on the CRDP programmes	**POI 205:** Number of learners receiving accredited training through skills programmes	38 learners	40 learners	40 learners	38 learners	2 learners	Learners dropped out of training due to more attractive stipend's allowances
Learners receiving workplace training opportunities through secured projects	**POI 206:** Number of learners receiving training through secured projects	47 learners	81 learners	40 learners	70 learners	30 learners	The favourable variance is due to the secured workplace training opportunities in various projects
	POI 207: Number of projects secured	4 projects (R 33.6 million)	3 projects	3 projects secured	3 Projects secured	0	N/A

LINKING PERFORMANCE WITH BUDGETS

The financial performance of the Technical and Training Operations for the reporting period presented a mixed bag of results, reflecting both under expenditure and areas of overspending across various sub-programmes. The overall financial results indicate an under expenditure within the programme. This suggests that, on a broad level, the programme managed to operate below the allocated budget for the reporting period.

It is important to note that some sub-programmes within the Technical and Training Operations experienced overspending. This was primarily due to the budget cuts in the grant allocation for the fiscal year. The reduction in grant allocation created financial strain on certain sub-programmes, which were unable to adjust their spending in line with the reduced budget. Despite the financial challenges posed by the budget cuts, the programme was able to maintain sustainability through their own generated revenue. The revenue generation initiatives included:

Learners' Tuition Fees: these are tuition fees collected from learners enrolled in various training programmes played a significant role in supplementing the budget. These fees provided a steady stream of income that helped offset the financial shortfall caused by the budget cuts.

Projects with the Department of Education: various projects undertaken in collaboration with the Department of Education also contributed to the own generated revenue. These projects not only provided additional funds but also enhanced the operational capacity of the Technical and Training Operations, enabling them to deliver quality training and education services.

	2023/2024			2024/2025		
PROGRAMME 2	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	13 334	16 525	-3 191	22 600	23 324	-724
Artisan Development	2 999	683	2 316	706	729	-23
Mobile	9 618	11 582	-1 964	5 235	5 402	-167
CRDP	2 980	1 195	1 785	1 090	1 125	-35
Technical Production	9 829	5 598	4 231	4 217	4 352	-135
TOTAL	38 760	35 583	3 177	33 848	34 932	-1 084

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

SETA's are in the process of developing a system to track movement of learners from one learnership to another due to more attractive stipend allowances.

3.3. PROGRAMME 3: CORPORATE SERVICES

PURPOSE OF THE PROGRAMME

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

PROGRAMME 3 SUB-PROGRAMMES AND PURPOSE

Quality Assurance: Co-ordination and maintenance of quality training processes, and improvement of services.

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

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

Supply Chain Management and Administration: Provide administrative support and prudent supply chain management.

Human Resources Management: Provision of effective Human Resource Management services.

CEO's Office: Provision of support to the Board of Directors through corporate governance and legal secretariat services.

Secretarial and Legal Services

Planning and Performance Information: Provision of monitoring and evaluation of organisational performance, strategic planning and performance reporting.

INSTITUTIONAL OUTCOMES

Provision of administrative support to the entity and quality assurance processes, in line with the QCTO and SETA landscape.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

In its effort to ensure that the works and the services of the entity are well known and promoted across the province, the entity strived to strengthen its career drive recruitment programme. At the end of the financial year, 31 corporate advertisements were published A total of 23 recruitment drives were conducted which enabled the entity to reach out to a handful number of learners across the province. 11 newsletters were released to keep its staff informed on internal affairs and developments. As well as 7 stakeholder engagements initiatives with key strategic stakeholders were facilitated with the aim of fostering value –add working relations and partnership that will benefit and elevate the entity's skills development initiatives.
The entity hosted Partnerships sessions with the aim of discussing joint skills development interventions with lasting impact, and these sessions included the following strategic public entities:

- Education, Training and Development Practices (ETDP);
- Sector Education Training Authority (SETA);
- Mpumalanga Tourism and Parks Agency (MTPA); and
- Ehlanzeni TVET College.

According to Chapter 3 of the Skills Development Act 1998, SETAs play a pivotal role in facilitating skills development within specific economic sectors. It exists to contribute and bring skills to the employed or those wanting to be employed in their section. As such, the entity ensured that its training programmes are approved and renewed with relevant SETAs (MerSETA, EWSETA, AgriSETA and CATHSSETA) to maintain its accreditation status. Furthermore, the organisation submitted its application of Accreditation for QCTO Qualifications submitted.

In accordance to the B-BBEE Act, which is aimed at promoting economic transformation to enable meaningful participation of black people in the economy, achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises. It is with great pleasure to note the 73.75% achievement spent on B-BBEE against the total procurement spent. Although not all valid invoices were paid within 30 days, the entity made effort to pay at least 95.25% of the invoices received within the statutory period. Various challenges such unpaid invoices, noncompliance by end users, overdue payments to Otis and Rentokil amongst others prevented the entity to comply with this policy.

REPORT AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN UNTIL DATE OF RE-TABLING

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: CORPORATE SERVICE							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	**ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE.							
Training programmes approved and renewed	**POI 301:** Number of Accredited training programmes approved and renewed with relevant SETAs and QCTO"	1 primary accreditation maintained and 3 programme approvals with MerSETA, CATHSETA and AgriSETA	Maintain 1 primary accreditation and 4 programme approval with MerSETA, EWSETA EWSETA, AgriSETA, CATHSSETA. Application of Accreditation for QCTO Qualifications completed	16 Accredited training programmes obtained and maintained with QCTO	15 Accredited training programmes obtained and maintained with QCTO	1 Accredited training programme delayed	The unfavorable variance is due to the delayed painting accreditation confirmation letter
Payment of suppliers within 30 days	**POI 302:** Percentage of creditors paid within 30 days of receipt of a valid invoice	87.40% creditors were paid within 30 days	93% creditors were paid within 30 days	100% creditors were paid within 30 days	95.25% creditors paid within 30 days	4.75% creditors not paid within 30 days	The entity has entered into a payment arrangement with affected creditors
Clean Audit Opinion	**POI 303:** Unqualified annual financial statements without any material misstatements	Unqualified Audit opinion	Qualified Audit opinion	Clean Audit Opinion	Qualified audit opinion	Qualified audit opinion	Development and implementation of an audit action plan that includes an internal audit plan.
Recruit learners to enrol with the MRTT	**POI 304:** Number of learner recruitment drives undertaken	22 Career exhibitions	30 Career exhibitions	20 Recruitment drives undertaken	23 Recruitment drives undertaken	3 additional recruitment drives undertaken	The positive variance is due to the high demand for MRTT training programmes
	POI 305: Number of stakeholder engagement sessions conducted	New Indicator	New Indicator	6 stakeholder engagement sessions conducted	7 stakeholder engagement sessions conducted	1	The positive variance is due to an increased demand for MRTT participation in various stakeholder forums.
Corporate advertising	**POI 306:** Number of corporate advertisements published	18 Corporate advertisements	41 Corporate advertisements	14 Corporate advertisements	31 Corporate advertisements	17 additional Corporate advertisements published	The positive variance is due to more content information on social media platforms from the many marketing activities undertaken.
	POI 307: Number of newsletters published	New Indicator	New Indicator	10 News letters	11 Newsletters published	1 additional newsletter published	The positive variance is due to more content information published through the entity's new letter.

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PROGRAMME / SUB-PROGRAMME: CORPORATE SERVICE							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	**ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: PROVISION OF ADMINISTRATIVE SUPPORT TO THE ENTITY AND QUALITY ASSURANCE PROCESSES, IN LINE WITH THE QCTO AND SETA LANDSCAPE.							
Advance transformation and support to SMME's	**POI 308:** Percentage procurement spent on HDI	77.38% Spent on B- BBEE	71% spent on B- BBEE	70% spent on HDI	73.75% spent on HDI	3.75% additional spent on HDI	Entity procured better and services HDI
Building capacity on the PM system	**POI 309:** Number of capacity building sessions held on HR policy	0	0	12 capacity building sessions held on HR policy	12 capacity building sessions held on HR policy	0	None
	POI 310: Percentage performance agreement signed by managers	30% employees signed performance agreements	33% employees signed performance agreements	100% employees signed performance agreements	100% employees signed performance agreements	0	None
Development of the EE plan and WSP	**POI 311:** Number of WSP/ATR submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA	1 WSP and ATR submitted to ETDPSETA	1 WSP and ATR submitted to the ETDP-SETA	0	None
	POI 312: Number of reports on the implementation of EE plan	1 EE plan and EE report submitted to the Dept. of Employment and Labour	0 EE plan and EE report submitted to Dept. of Employment and Labour	1 EE plan and EE report submitted to Dept. of Employment and Labour	1 EE plan and EE report submitted to Dept. of Employment and Labour	0	None

MRTT

LINKING PERFORMANCE WITH BUDGETS

The Corporate Services programme, within the Mpumalanga Regional Training Trust (MRTT), is the support programme that assist the entity to perform its core responsibilities optimally and it experienced significant over-expenditure for the 2024-25 financial year. This was primarily due to the severe reduction in grant allocation for the year, which created a substantial financial strain on the programme. Likewise, the Corporate Services relied on multiple revenue streams to support its operations as stated below:

- **Government Grant:** The primary source of funding is the grant provided by the government. For the 2024-25 financial year, this grant was significantly reduced, which directly impacted the financial health of the Corporate Services programme.
- **Own Generated Revenue:** This includes revenue generated mainly from the Hospitality and Tourism Academy (HTA) and the Technical Training Operations (TTO). These streams are crucial for supplementing the budget but were insufficient to cover the shortfall caused by the reduced grant.
- **Interest from Investing Activities:** The finance department generates interest through various investing activities. While this provides additional income, it is typically not substantial enough to compensate for large funding deficits.

	2023/2024			2024/2025		
PROGRAMME 3	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Quality assurance	2 636	1 731	905	1 785	1 869	-84
Finance	11 511	22 097	-10 586	11 917	12 480	-563
Marketing	2 295	2 731	-436	1 806	1 891	-85
Administration	13 872	20 313	- 6 441	12 344	12 927	-583
Human Resources	9 798	4 240	5 558	4 975	5 210	-235
CEO	9 620	11 532	-1 912	20 028	20 977	-949
TOTAL	**49 732**	**62 644**	**-12 912**	**52 855**	**55 354**	**-2 499**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The entity has entered into a payment arrangement with affected creditors

MRTT

3.4. PROGRAMME 4: MPUMALANGA SKILLS AND INNOVATION HUB

PURPOSE OF THE PROGRAMME

The main purpose of the Skills Hub is to fulfil a coordinative role in bridging the gap between skills availability (supply) and the labour demands of the province, by providing the right skills for targeted interventions and projects that the private – and public sector require.

INSTITUTIONAL OUTCOMES

Information, Communication on Technology enhanced

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Information, Communication on Technology enhanced

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: PROVINCIAL SKILLS AND INNOVATION HUB							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET	**ACTUAL ACHIEVEMENT 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: INFORMATION, COMMUNICATION ON TECHNOLOGY ENHANCED							
Information, Communication on Technology co-ordinated	**POI 401:** Number of Information, Communication Technology training for out of school youth co-ordinated	New Indicator	New Indicator	1 Information, Communication Technology training for out of school youth co-ordinated	1 Information, Communication Technology training for out of school youth co-ordinated	0	None

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 4	2023/2024 BUDGET R'000	2023/2024 ACTUAL EXPENDITURE R'000	2023/2024 (OVER)/UNDER EXPENDITURE R'000	2024/2025 BUDGET R'000	2024/2025 ACTUAL EXPENDITURE R'000	2024/2025 (OVER)/UNDER EXPENDITURE R'000
MISH	0	0	0	5 493	1 240	4 254

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

None

4. REVENUE COLLECTION

SOURCES OF REVENUE	2023/2024 ESTIMATE R'000	2023/2024 ACTUAL AMOUNT COLLECTED R'000	2023/2024 (OVER)/UNDER COLLECTION R'000	2024/2025 ESTIMATE R'000	2024/2025 ACTUAL AMOUNT COLLECTED R'000	2024/2025 (OVER)/UNDER COLLECTION R'000
Non-Exchange Transaction	78 371	78 371	0	86 994	86 994	0
Exchange Transaction	26 417	32 937	6 520	22 150	21 0108	-1 140
TOTAL	**104 788**	**111 308**	**6 520**	**109 144**	**108 004**	**-1 140**

An amount R108 004 was collected in the period under review, translating to R1 140 under collection. This under collection was as a result of exchange Transaction.

5. CAPITAL INVESTMENT

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.

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

- The entity spent R581 783 on asset procurement for the period under review

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

- None

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

- None

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

- None

Progress made on the maintenance of infrastructure

- None

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

- None

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

ASSET CLASS	NET BOOK VALUE	REASON FOR DISPOSAL
Computer equipment	131 410	Scrapped
Office equipment	12 215	Scrapped
Machinery and equipment	136 357	Scrapped
Office furniture	188 837	Scrapped
Domestic equipment	99 414	Scrapped
	568 233	

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

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

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

CONDITION	NUMBER OF ASSETS	PERCENTAGE
Good	691	14.58%
Poor	110	2.32%
Fair	3938	83.10%
TOTAL	**4739**	**100.00%**

Major maintenance projects that have been undertaken during review

- None

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

- None

PART C

GOVERNANCE

1. INTRODUCTION

The MRTT is a public entity registered under Schedule 3C of the Public Finance Management Act (PFMA). It is guided by the prescripts of the Company Act 71 of 2008 and the governance principles of King IV Report on Corporate Governance. The Honourable Member of the Executive Council's (MEC) in the Mpumalanga Department of Education has appointed the Board of Directors to govern and represent the entity in Mpumalanga Province for training purposes. The Board is further vested with the Authority to provide the strategic direction of the entity and account to over sight structures being supported by the Accounting Officer.

Henceforth, the entity strived to maintain the highest standards of governance as a fundamental principle for management of public finances and resources. The entity seeks to uphold good corporate governance as espoused in the Public Finance Management Act and the King Report, strives to promote good management practices in the areas of Risk Management, Procurement and Good Corporate Governance, as well as to safeguard the entity against theft and fraud.

2. PORTFOLIO COMMITTEES (IF APPLICABLE)

COMMITTEE	DATES	ISSUES RAISED	ACTIONS
Discussion on the MRTT with regard to the 2024/25 1st Quarter Report	14 July 2023 (First quarter)	Can the Acting CEO inform the Committee what led to overpayment in the classifications Compensation of Employees and Goods and Services?	The Acting CEO can inform the committee that the reason for overpayment was as a result of the payments of projects e.g. ECD, CETA that the entity undertook in the period under review.
		ii. Given that COE and Goods and Services are overspending, can the Acting CEO indicate whether performance cash bonuses have been paid or not?	The Acting CEO can indicate that the performance cash bonuses have not been paid.
		iii. What plans are put in place to ensure that payment for compensation of employees reaches equilibrium at the end of the financial year?	The entity has applied cost curtailment measures to ensure that it does not overspend come end of the financial year, however it must be noted that the budget of the entity has been cut by over 50% over the years and the entity has been relying on budget adjustment to make through the financial year.
Discussion on the MRTT with regard progress on the 2023/24 Annual Report	18 October 2023	i. The programme had an oversubscribed number of learners in the financial year, how were the learners accommodated in the classrooms and the kitchen for practical lessons.	Learners were rotated between classes and practical training, whilst other learners are in theory, others are placed for practical's in the hotel (HTA) and other workplaces around Nelspruit, Malelane and White River.
		ii. Are there plans in place to increase the learner intake and personnel in the programme given that more learners than planned were admitted in the 2023/24 financial year?	Yes, There are plans in place to accommodate increased learner numbers and will also appoint facilitators on a fixed term basis.
		Can the Acting CEO explain to the Committee the process and the number of years required to produce a full artisan.	The ACEO can indicate to the committee that Artisans are trained through apprenticeship training program which runs for the minimum period of three years. Admission requirements for this apprenticeship is N2 with the relevant trade theory for the trade the apprentice will be registering for. Three months in each year will be spend on theory and the nine months on work place training. The last three months of training learners can then undergo trade test assessment, which can result as qualified artisan if the apprentice is declared competent in all tasks prescribed subjected to him/her for trade testing. The learner is provided three attempts within the three months' period to pass/achieve his full artisan qualification.

MRTT

COMMITTEE	DATES	ISSUES RAISED	ACTIONS
Discussion on the MRTT with regard to the 2024/25 2nd Quarter Report	29 August 2023	What is the performance of the sub-programmes rooms and food and beverages in the second quarter?	The performance of sub programmes rooms is an increased occupancy rate from 16% in the first quarter to 22% in the second quarter, and it translated into R 315 357 in terms of revenue generated. For the Food and Beverage Sub programme, the conference facilities including the restaurant generated an amount of R 2 141 397 compared to R 374 294 in the first quarter.
		More learners were attracted in the culinary programme in the quarter, what are the attributes which led to the huge enrolment?	The huge enrolment of learners in the culinary programme is attributed to the huge Marketing efforts which were intensified and also the discretional grant from Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) for 29 learners training in Professional Cookery learnership programme.
		Which skills were taken on RPL in the quarter?	During the 2nd quarter the plumbing trade was undertaken for RPL and trade testing.
Discussion on the MRTT with regard to SCPA 2023/24	13 November 2024	What intervention plan will be put in place to correct the misstatement of property, plant and equipment?	The entity has drafted an audit action plan to attend to the misstatement of property, plant and equipment by inviting suitably qualified service provider to perform a 100% asset verification of MRTT assets, propose disposal, propose impairment as well a conditional assessment of all assets and perform the annual assessment of useful lives and propose journals so as to correct the misstatement.
		Whether the Acting CEO has corrected the misstated amount of the property, plant and equipment as per the GRAP 17 or not?	The ACEO can indicate that the misstatement has not yet been corrected however the entity has invited suitably qualified service provider to perform a 100% asset
Discussion on the MRTT with regard to the 2024/25 3rd Quarter Report	31 October 2023	The target of 50 learners on culinary studies were exceeded and 88 learners were enrolled, can the Acting CEO inform the Committee how the additional 38 learners were accommodated in the kitchen for practical work activities?	The additional 38 Learners were accommodated through a rotation process between demonstration, practical and workplace commercial kitchens according to learner schedules.
		What plans are put in place to improve the performance of the programme?	The entity has put mechanism in place to improve the performance of the programme by implementing the Comprehensive Rural Development Programme(CRDP) in order to achieve the set target.
		What is progress on the liquidation of Royal Hotel?	EXCO has approved the liquidation and deregistration of the Royal Hotel. MRTT has proceeded with instructing attorneys to deregister the entity with CIPC and to proceed with the liquidation process.

3. EXECUTIVE AUTHORITY

The MEC of Education, as the Executive Authority, plays a vital role in ensuring that MRTT operates within the prescribed legislative mandates. The MEC has the power to appoint and dismiss the Board, continuously monitor and evaluate MRTTs performance through reports and various interactions. The MEC enters into performance agreements or Shareholders Compact with the Executive Authority every financial year to the entity by outlining the Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) to be achieved by the entity. The entity in return provides quarterly reports to the shareholder, attend the relevant quarterly meetings and the shareholder reciprocate with attendance to MRTT Board meetings with a proxy or representative from the Mpumalanga Department of Education.

4. THE ACCOUNTING AUTHORITY / BOARD

The MEC of Education appoints the Board of Directors on a circle of every three years as prescribed by the relevant prescripts governing MRTT. The Board is the Accounting Authority in terms of Schedule 3C of the PFMA and must comply with the fiduciary duties set out in the Act. The Board must provide effective corporate governance and strategy direction, which involves adherence to the principles of good governance, risk management and internal controls stipulated in the PFMA and Treasury Regulations. The Board delegates specific responsibilities to its sub-committees constituted and chaired by its members in terms of the Company Act, 2008.

The Sub-Committees of MRTT that are convened in line with its legislative mandates are as follows: -

- Audit and Risk Committee
- Finance and Remuneration Committee
- Marketing and Technical Committee
- Risk Management Committee

The Board meet once every quarter with special meetings convened at short notice to consider specific operational matters informed by relevant requirements of the entity.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board exercises its leadership, integrity, and judgment to direct MRTT in achieving continuing prosperity and act in the best interests of the entity, while respecting the principles of transparency and accountability. Their roles and responsibilities include:

- To determine MRTTs values and strategy designed to achieve its aim and objectives.
- To retain full and effective control of the Board through its sub-committees and monitor the MRTT implementation of Board plans and strategies.
- Monitor and evaluate the implementation of strategies, policies, procedures, processes, management performance criteria and business plans.
- Formulate monitoring and reviewing corporate strategy, major plans of action, financial and risk management and internal control policies, appropriate procurement and provisioning systems, information technology / communication policies, annual budgets and business plans.
- Ensure that MRTT complies with all relevant laws, regulations, government policies and codes of best business practice and communicates with its stakeholders openly, transparently and promptly.
- Ensure that technology and systems are adequate for the proper functioning of MRTT through the most efficient and cost effective of its assets, processes and human resources.
- Ascertains that the shareholder's performance objectives are achieved and that they can be measured in terms of the performance of MRTT.
- Develop a clear definition of the levels of materiality or sensitivity to determine the scope and delegation of authority, and ensure that the Board reserves specific powers and authority for itself with all delegations in writing and regularly evaluated.
- Ensure that Board members are granted unrestricted access to accurate, relevant and timely information on the Board issues.
- To ensure that the Board act in good faith, with care, skill and diligence as well as in the best interest of MRTT while taking the interests of all stakeholders into account.
- Manage the potential conflicts of interest among the CEO, Board members and the shareholder and ensure that any conflicts of interest are regularly and expeditiously dealt with and resolved.
- Maintain the highest standards of probity, integrity, responsibility and accountability with a fair balance between conforming to corporate governance principles and performance of MRTT.

BOARD CHARTER

The Board Charter is a living document of the Board of Directors that sets out the tone of the roles, duties and responsibilities as well as good corporate governance principles per King IV Corporate Governance. The main purpose of the board charter is to regulate the policies and practices of the board in respect of the following governance issues: -

- Declaration of Conflict of interest
- Board documentation and procedures
- Composition of the board

The charter directs proceedings and frequency of meetings attendance, formal agenda, and round robin resolutions and is reviewable annually

MRTT

COMPOSITION OF THE BOARD

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (eg. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NO.OF MEETINGS ATTENDED
Mr PP Maoko	Chairperson	03 December 2021	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 college • Former National Education Officer at NUM. • Former Member of National Skills Authority. • Member various committees.	Board Chairperson	18
Ms. LM Motshwane	Deputy Chairperson	03 December 2021	Still serving	Secondary Teachers Diploma, Ace (Education Management), Basic Fianacial Skills, Post Graduate Diploma in Public Management, Certificate Diploma in Labour Law Management, Introduction to Investment and Finance, Principles of Economics, Finance and Investment Management Current Studies – Masters in Public Management	Professional Educator 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 (PCSBC) • 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	Audit & Risk Committee Finance & Remuneration Committee	40
Mr. MI Tibane	Board Member	03 December 2021	Still serving	Certificate Programme in Management Development for Municipal Finance Certificate in Construction Contracting Certificate in Communication CPMD NQF Level 6 enrolled with University of Witwatersrand Public Protocol, Bessie Global Management Practice, SETQAA Accreditation 2393 Executive Secretary, Personal Assistant and Office Management enrolled with Princely Knowledge Consulting Corporate Governance and King 1V Report Corporate Governance and Ethics facilitated by HS Global Skills and Business Solutions, SETA Accreditation LGRS-1214-141204.	Former Ward Councillor Head of the Office of the Executive Mayor of Steve Tshwete Local Municipality from 2009 —2011. District Council, Nkangala District Municipality from 2005 — 2010. Ward Councillor, Thembisile Local Municipality from 2000 — 2005. Chairperson of Nkangala TVET Council 2014 - 2019	• Current Deputy Secretary of the South African Communist Party 2016 to date • Member of Regional Committee Appeals Committee of the Department of Labour	Chairperson of Finance & REMCO Member of Marketing & Technical Committee	35

MRTT

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (eg. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NO.OF MEETINGS ATTENDED
Mr. B Sibanyoni	Board Member	03 December 2021	Still serving	Certificate in Executive Leadership in Municipal Development	Property Development	• Managing Director Mpisana Properties • Former Chief Whip Thembisile Hani Local Municipality	Chairperson Marketing & Technical Committee Audit & Risk Committee	31
Mr. HH Nkanyane	Board Member	03 December 2021	Still serving	Master of Philosophy, Master of Business Leadership, Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post Graduate Diploma: Compliance Management B.Tech Cost and Management Accounting	Professional Internal Auditor	• Chairperson of Risk and Management Committee at MEGA and MTPA	Audit & Risk Committee Marketing & Technical Committee	31
Mr. TR Mokgoshi	Board Member	03 December 2021	Still serving	Higher National Diploma in Chemical Engineering from Tesside University in England 1990-2001 Engineering Management Programme from Tukkies	Engineering	• Amatola Water Board	Finance & REMCO Marketing & Technical Comittee	35
Mr D Dlamini	Chairperson - ARC	24 March 2023	Still serving	National Diploma in Accounting Bachelor of Technology in Taxation, Post Graduate Diploma in Business Management, Master of Commerce	Finance, Audit & Risk Management	• Audit Committee Member - QCTO • Chairperson of Risk Management Committee - Mpumalanga Department of Economic Development • Tourism, Council & Audit and Risk Member - Iziko Museums	Chairperson Audit and Risk Committee	19

- There are no alternate members of the Board of Directors or its sub-committees in the year under review therefore this item is not applicable.
- All the Board Members were appointed with effect from 03 December 2021 to 02 December 2024

COMMITTEES

The Board is currently supported and supplemented by the following senior management and board sub-committees.

COMMITTEES	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS
Senior Management Committee	6	10	• Mr. C Maebela • Mr. B Hlatshwayo • Mr. G Silaule • Mr. E Mkhabela • Mr. N Mametja • Ms. Z Khoza • Mr. A Mnisi • Ms. P Lekhuleni • Mr. D Kola • Ms. N Sithole - Secretariat
Audit and Risk Committee	9	4	• Dr. D Dlamini • Mrs. L Motshwane • Mr. B Sibanyoni • Mr. H Nkanyane
Finance and Remuneration Committee	13	3	• Mr. MI Tibane • Mrs. LM Motshwane • Mr. T Mokgoshi
Marketing and Technical Committee	4	4	• Mr. B Sibanyoni • Mr. MI Tibane • Mr. H Nkanyane • Mr. T Mokgoshi
Risk Management Committee	1	6	• Dr. N Madiba • Mr. C Maebela • Mr. B Hlatshwayo • Mr. G Silaule • Mr. E Mkhabela • Mr. N Mametja
Board of Directors	18	7	• Mr. P Maoko • Mrs. LM Motshwane • Mr. MI Tibane • Mr. B Sibanyoni • Mr. HH Nkanyane • Mr. TR Mokgoshi

REMUNERATION OF BOARD MEMBERS

Remuneration of board members is determined and prescribed by the National Treasury with the current rates as follows:-
(see attached National Treasury Circular)

Chairperson:	R5397-00
Deputy Chairperson:	R4587-00
Members:	R4 005-00

5. RISK MANAGEMENT

MRTT has recently reviewed and implemented its Risk Management Policy and related strategies to deal with risks involving the entity on a daily basis to implement its mandate. To deal with risks in the organisation MRTT has appointed an Independent Non-Executive Director supported by Senior management through a Risk Management Committee (RMC) with scheduled meetings every quarter.

The main purpose of the RMC is to identify the risks involving the organisation per financial year circle, assess, outline their descriptions, categorise and determine implementation controls to reduce the risk impact identified in the mitigation process. The RMC compile relevant reports to the Audit and Risk Committee which plays its oversight role and reports to the Board of Directors. However, the entity recently lost its Chief Risk Officer due to ill health and closed that gap swiftly with the appointment of an independent contractor for completeness of risk related issues in MRTT. The process to appoint a new officer is already at an advanced stage.

6. INTERNAL CONTROL UNIT

The Board of Directors exercise its fiduciary duties in this area by deploying the services of its Audit and Risk sub-committee which in turn oversees implementation of the effective systems of financial management and internal controls that ensures the effective systems of these internal controls' are efficient, economical and transparent use of MRTT's limited financial resources, as well as improvement of systems and processes relating to managements' oversight and governance. The primary focus of this unit during the year under review was to monitor and review the internal and external audit findings including the implementation of controls in mitigating the risks with regard to any recurrence of possible and/or similar findings. MRTT is amenable to improve its established policies and procedures, where necessary, in order to implement them with the strict appropriate segregation of duties and responsibilities by the relevant officials.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit by its nature is an independent objective assurance and consulting activity designed to add value and improve an organisation's operations. The primary purpose of the internal audit function is to provide its stakeholders with independent assurance and insight on adequacy and effectiveness of governance, internal controls, risk management and financial management systems as well as the quality of performance of its business operations as evaluated against agreed performance standards. It also refers to an independent service to evaluate an organisation's internal control, its corporate practices, processes and related methods. An internal audit helps in securing compliance with the various laws applicable to an organisation such as the PFMA as generally informed by the Constitution of the Republic of South Africa Act, 1996.

The MRTT 's Internal Audit functions were performed through the appointed service provider, who is appointed for a fixed period of three years. The Internal Audit are required to provide the RC and Management with quarterly assurance reports in terms of the approved annual and three year rolling internal audit plan.

THE FOLLOWING ACTIVITIES WERE CONDUCTED UNDER THE PERIOD IN QUESTION:

- Assessment of the audit needs and compilation of the three year rolling strategic and annual operational internal audit plan.
- Q4 and 12 Month Report Review
- Review of the annual financial statements 2024-25 FY
- Assets Management Review
- Review of Revenue, Expenditure and Liabilities
- Audit of Performance Information
- Review of Impairment of Debtors
- Determination Test for Irregular, Fruitless and Wasteful Expenditure
- Review of the Contract Register
- Inventory for Consumables Count, Valuation and Disposal
- Review of Payroll Reconciliation with GL
- Audit of Performance Information
- Reporting
- Reporting to Board Committees
- Management & Board Committee Requests
- Risk Assessment and Progress on the Risk Register

THE OBJECTIVES OF THE SAID FINANCIAL YEAR INCLUDE BUT NOT LIMITED TO:

Objective examinations of evidence for the purpose of providing independent assessments to the audit committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Mpumalanga Regional Training Trust [MRTT]

- Audit assessments include evaluating whether:
- Risks relating to the achievement of MRTT`s strategic objectives are appropriately identified and managed.
- The actions of MRTT's officers, directors, employees, and contractors are in compliance with MRTT's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programmes are consistent with established goals and objectives.
- Operations or programmess are being carried out effectively and efficiently.

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact MRTT
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

SUMMARY OF AUDIT WORK DONE

In the current year under review the internal audit function prepared the industry standard three-year Annual Coverage Plan as per norm and standards prescribed in the Internal Audit Charter after considering all the major risks facing MRTT.

The demise of the Chief Risk Officer during the delayed second and third quarter of the 2023/24 financial year caused a severe strain in the risk operations of the entity, however, management acted swiftly to appoint an independent contractor to take forward the internal audit baton in this regard.

The challenges faced by MRTT did not deter the internal audit function to execute and complete all the audits on the approved plan. Where controls were found to be inadequate or wanting, recommendations for improvement were provided. Audits were conducted in the following areas:

- Audit & Risk Committee Charter 2024/2025 financial year
- Internal Audit Charter 2024/2025 financial year
- Determination Test
- Information Communication Technology
- Financial Discipline Review

Other Work done in the period under question includes:

- Review of performance reports and provide recommendations
- Review of the annual financial statements before submission to AGSA
- Utilization of registry space, records management procedure manuals and the centralization of the function
- Capacity building in records management
- Review of ICT General Controls, User Access Controls, Program Change Management, IT Service Continuity and Environment Controls
- Review the adequacy and effectiveness of HTA`s Training operations
- Review the adequacy and effectiveness of MRTT`s SCM Processes for quarter 1 to 31 October 2023

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

- The ARC reviews the adequacy of policies, procedures and the internal control system including information communication technology security 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), to 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 tabled below discloses relevant information on the audit committee members

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Dr. D Dlamini	Doctor of Business Administration Master of Commerce Post Graduate Diploma in Business Management Bachelor of Technology in Taxation National Diploma in Accounting	External	External	01 April 2023	Not applicable	19
Ms. L Motshwane	Secondary Teachers Diploma, Ace (Education Management), Basic Fianacial Skills, Post Graduate Diploma in Public Management, Certificate Diploma in Labour Law Management, Introduction to Investment and Finance, Principles of Economics, Finance and Investment Management Current Studies – Masters in Public Management	External	External	03 December 2021	Not applicable	40
Mr. B Sibanyoni	Certificate in Executive Leadership in Municipal Development	External	External	03 December 2021	Not applicable	31
Mr. H Nkanyane	Master of Philosophy, Master of Business Leadership, Certified Information System Auditor (CISA) Certified Internal Auditor (CIA) Post Graduate Diploma: Compliance Management B.Tech Cost and Management Accounting	External	External	03 December 2021	Not applicable	31

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Mpumalanga Regional Training Trust (MRTT) is a public entity registered under Schedule 3C of the Public Finance Management Act, 1990 (Act 1 of 1990), the PFMA, as inserted by the General Notice Number 1283 and Government Gazette 23619 of 19 July 2002. MRTT is guided by the prescripts of the Company Act, 2008 (Act 71 of 2008) and the governance principles of King IV Report on Corporate Governance.

9. FRAUD AND CORRUPTION

The MRTT has recently established and adopted a fraud and corruption prevention policy and whistle blowing policy to manage fraud, corruption, maladministration and any other dishonest activities negatively affecting the entity. The policies set the tone for mechanisms in place to prevent fraud and corruption with comfortable platform for whistle blowers to report these activities.

The Accounting Officer and Senior Management have set clear goals of implementation plan informed by the policies and the Public Finance Management Act (PFMA). The Accounting Authority oversees the implementation of the preventative measures with strong recommendations of consequence management in line with the PFMA for such transgressions.

10. MINIMISING CONFLICT OF INTEREST

The MRTT Board of Directors, Sub-Committees, Senior Management and Supply Chain Management are required to make declaration of interest in all their respective roles and responsibilities. The Board as the Accounting Authority is also required to provide an annual declaration of their meetings at all material times when required by the Executive Authority and other relevant stakeholders, including the Auditor-General of South Africa.

Senior Management and SCM practitioners are bound to declare and sign their direct and/or indirect interest when they procure and adjudicate on tender processes of goods and services. In instances where an affected Board Member or official has a direct conflict of interest it is a requirement for such an individual/s to excuse themselves and register such a declaration in writing.

11. CODE OF CONDUCT

The MRTT has a Code of Conduct in place which defines a set of rules, principles, values, employee expectations, behaviours and relationships that is considered to be important and necessary for its success. This Code of Conduct aims to promote ethical and legal behaviour to establish positive and respectful workplace culture. The Code is a direct link to MRTT values and ethics which acts as a guideline to employees and the Board of Directors on what is expected of them in their individual conduct and relationship with others. The Code is reviewed on annual basis to keep up with acceptable trends and standards of the King IV Report of the Institute of Directors in South Africa.

MRTT

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Act, 1993 (Act 85 of 1993) provides for the Health and Safety of persons at work and for the protection of others against hazards arising from work activities. To eliminate incidents, minimize risks, responsibly manage health and safety impacts and enable excellence in operations and business performance while providing a workplace that takes into account the safety and wellbeing of our people and service providers.

To promote and maintain the highest degree of physical, mental and social wellbeing of workers;

To prevent amongst workers, ill health caused by their working conditions.

RISK RATING CLASSIFICATION LOW MEDIUM HIGH

NO	CENTRE	HEALTH	SAFETY	HYGIENE	ENVIRONMENT	STANDARD
1	CORPORATE/ MISH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	OHS
2	HTA	MEDIUM	MEDIUM	MEDIUM	MEDIUM	OHS
3	eMALAHLENI	MEDIUM	MEDIUM	MEDIUM	MEDIUM	OHS
4	KaBOKWENI	MEDIUM	MEDIUM	MEDIUM	MEDIUM	OHS
5	eKANDUSTRIA	MEDIUM	MEDIUM	MEDIUM	MEDIUM	OHS
6	PROJECTS	LOW	LOW	LOW	LOW	OHS

13. COMPANY / BOARD SECRETARY (IF APPLICABLE)

MRTT is a Schedule 3 Part C classified as such in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), inserted by General Notice 1283 of 19 July 2002. A new Company Secretary and Legal Services Manager who provides advisory on corporate governance, secretarial and administrative and administrative support to the MRTT Senior Management and its Board of Directors as well as the respective sub-committees in the financial year in question.

14. AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the financial year ended 31 March 2025, as required by Section 51 of the Public Finance Management Act, 1999 (Act 1 of 1999), on the general responsibilities of accounting authorities, read with the Treasury Regulations.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee confirms that the system of internal control applied by the entity over financial and risk management were effective and found to be satisfactory although there were areas where control weaknesses were noted. It should be noted, however, that in certain areas controls were found to be only partially effective, and these require further improvement. We have received assurance that these are being addressed, and we will continue to monitor the implementation of remedial actions as a result of findings from both the Internal Audit and the AGSA.

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

- Audit and Risk Committee Charter for 2024/2025 financial year
- Approved MRTT Internal Audit Coverage Plan for 2024/2025 financial year
- Some Determination tests
- Information and Communication Technology audit
- Audit of predetermined objectives
- Supply Chain Management review
- Human Resource management
- Asset Management and Fleet Management review
- Hospitality and Tourism Academy audit
- Technical Training Operations audit
- Occupational Health and Safety audit
- Financial Discipline review
- AGSA follow-up report

The Audit and Risk Committee focused on controls as prescribed by the PFMA with extension of useful lives, financial discipline as well as budget and actual approvals dominating the space. The committee concluded that there is room to improve the internal controls environment, particularly with regard to contract management as a result of evergreen contracts, in order to detect and curb the scourge of irregular expenditure. There are a number of misstatements raised by the Auditor General, which needs to be addressed by Management.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

In the year under review MRTT has submitted monthly and quarterly reports to the Executive Authority, for the financial and non-financial performance of the entity as required by the PFMA and Treasury Regulations.

EVALUATION OF FINANCIAL STATEMENTS

The MRTT Annual Financial Statements were processed with the relevant requirements of PFMA, Treasury Regulations and Generally Recognised Accounting Practice (GRAP). The Committee had solicited inputs of the external auditors who encouraged rigorous controls, accounting and disclosure measures.

REVIEW OF FINANCE FUNCTION

MRTT Finance function doesn't have sufficient capacity and require expertise to deal with complex finance related issues raised by the Auditor General. The matter has been referred to Remuneration Committee for consideration.

AUDITOR'S REPORT

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the items raised in the AGSA Report for the 2024/25 financial year.

CONCLUSION

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. D Dlamini
Chairperson of the Audit Committee
Mpumalanga Regional Training Trust
Date: 31 July 2025

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

OVERVIEW OF HR MATTERS AT THE PUBLIC ENTITY

Develop and manage innovative human business practices that help supervisors/managers and employees deliver results-focused outcomes which support the strategic goals and objectives of the Company by improving workforce productivity, diversity,leadership effectiveness, and individual development.

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

Mpumalanga Regional Training Trust faces variety of complex institutional challenges. To address these challenges, Human Resources, in collaboration with our partners in government, TVET colleges, Community-based Organisations and industry across the training industry, must provide knowledge, service and excellence that transcends organizational boundaries. This strategic plan aligns Human Resources with ten top priorities identified through discussion and consultation with our stakeholders, MRTT employees and human resource thought leaders in skills development.

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

Collaborate with our strategic partners to provide leadership in developing effective solutions for workforce planning. Provide leaders with different workforce scenarios and models using data gathering, analysis and forecasting tools that enable multi-year recruitment and selection plan,succession planning, leadership development and retention and performance strategies.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

Implement MRTT performance management system using technology that allows flexibility in all Programmes and operations. Identify both high performers and areas for development, including professional and career development training using performance metrics. Promote greater leadership capability in the areas of greatest strategic need and support individual career growth to enhance our workplace environment.

EMPLOYEE WELLNESS PROGRAMMES

Develop, implement and continuously evaluate a more robust engagement pan for MRTT Wellness Champions to fully engage them in this goal. Implement and continuously evaluate the recommendations of the MRTT health survey, which identified actions at the individual, social and organizational levels to help HR and staff better manage stress.

POLICY DEVELOPMENT

Investigate and identify critical policies that need to be developed or reviewed and engage all stake holders.

HIGHLIGHT ACHIEVEMENTS

The entity was able to review and adopt the organisational structure and several HR policies.

CHALLENGES FACED BY THE PUBLIC ENTITY

Budgetary constraints had also been a major challenge affecting the entity's operations. As a result, training and development of employees was not prioritized due to the above and this impacted negatively on the workplace skills plan that was developed and submitted to the relevant authorities.

FUTURE HR PLANS /GOALS

- Strengthen leadership capability throughout the MRTT to promote high level of performance and productivity and sustain excellence.
- Develop leadership on all Programmes and Sub-Programme and divisions of the company using organizational competencies as a framework.

MRTT

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 PERSONNEL RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (%)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
HTA	20 062	12 354	21%	32	386
TTO	34 526	23 300	39%	25	932
CORPORATE SERVICES	56 906	23 580	40%	24	982
TOTAL	**111 494**	**59 234**	**100%**	**81**	**731**

PERSONNEL COST BY SALARY BAND

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	0	0	0	0
Senior Management	3 852	7.50	3	1 284
Professional qualified	14 783	28.95	14	1 056
Skilled	30 471	43.66	39	781
Semi-skilled	7 534	14	9	837
Unskilled	2 593	5.70	16	162
TOTAL	**59 234**	**100**	**81**	**731**

PERFORMANCE REWARDS

PROGRAMME//ACTIVITY/OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	**0**	**0**	**0**

TRAINING COSTS

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	TRAINING EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (%)	NO. OF EMPLOYEES TRAINED	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
HTA	20 062	9	0.045%	4	2.25
TTO	34 526	7	0.020%	3	2.33
CS	56 906	26	0.046%	11	2.36
TOTAL	**111 494**	**42**	**0.038%**	**18**	**2.33**

EMPLOYMENT AND VACANCIES

PROGRAMME	2024/2025 NO. OF EMPLOYEES	2024/2025 APPROVED POSTS	2024/2025 NO. OF EMPLOYEES	2024/2025 VACANCIES	% OF VACANCIES
HTA	29	43	32	11	25.58%
TTO	21	33	25	6	18.18%
CS	31	66	24	23	34.84%
TOTAL	**81**	**142**	**81**	**28**	**19.72%**

EMPLOYMENT AND VACANCIES

LEVELS	2024/2025 NO. OF EMPLOYEES	2024/2025 APPROVED POSTS	2024/2025 NO. OF EMPLOYEES	2024/2025 VACANCIES	% OF VACANCIES
Top Management	0	1	0	1	100%
Senior Management	3	4	2	1	25%
Professional qualified	13	31	8	17	54%
Skilled	26	42	35	5	11.90%
Semi-skilled	19	30	21	7	23.33%
Unskilled	20	23	14	3	13.04%
TOTAL	**81**	**142**	**81**	**34**	**23.94%**

Given the nature of the organizational structure of the entity, and the current financial situation that the entity finds itself in, it has been very difficult to operate the entity with vacant vacancies within senior executive management and senior management. These positions are key for the strategic management and daily operations of the entity. Given that these positions are critical they cause instability and uncertainty within the organization.

The entity made numerous efforts to ensure that the positions of the Chief Executive Officer, General Manager – HTA and the Manager Centres are filled, however, this attempts were fruitless. Recently a suitable candidate for the General Manager HTA was identified by the panel and an Offer of Employment was present to the suitable candidate, nonetheless the selected candidate declined the Offer of Employment indicating that a better offer was presented to her by the other organisation.

The positions of the Chief Executive Offer have been vacant since 2021, the General Manager HTA has been vacant since 2014 and the Manager Centres position has been vacant since 2016 respectively. The reasons for this positions not be filled to date is because the organisation was in the process of reviewing its organizational structure and the process was completed in 2023.

These positions were re-advertised and the process to identify and select the suitable candidate has unfolded and it is anticipated the process will be completed by the end of the second quarter.

MRTT

EMPLOYMENT AND VACANCIES

LEVELS	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	0	0	0	0
Senior Management	2	1	0	3
Professional qualified	14	1	1	14
Skilled	31	10	1	39
Semi-skilled	21	6	1	26
Unskilled	14	6	0	20
TOTAL	**78**	**24**	**3**	**102**

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0
Resignation	5	83.3%
Dismissal	0	0
Retirement	1	16.6%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	**6**	**100%**

Although the rate of staff leaving the organisation is minimal, reasons ranges from retirement and greener pastures.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
TOTAL	**1**

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The entity find it difficult to attract target from the other racial groups. Recent attempts were made to employ a female at the senior management but the offer was declined. However the entity will continue to intensify its attempts to address the variances

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	1	0	0	0	0	0	0
Senior Management	3	1	0	0	0	0	0	0
Professional qualified	8	4	0	1	0	2	0	0
Skilled	26	1	0	0	0	0	0	0
Semi-skilled	15	2	0	0	0	0	0	0
Unskilled	7	1	0	0	0	0	0	0
TOTAL	**59**	**9**	**0**	**1**	**0**	**2**	**0**	**0**

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	0
Professional qualified	6	2	0	2	0	1	0	0
Skilled	13	2	0	1	0	0	0	0
Semi-skilled	11	4	0	0	0	0	0	0
Unskilled	13	2	0	0	0	0	0	0
TOTAL	**43**	**12**	**0**	**3**	**0**	**1**	**0**	**0**

LEVELS	DISABLED STAFF			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	1	1	1	1
Semi-skilled	0	1	0	1
Unskilled	0	0	0	0
TOTAL	**1**	**2**	**0**	**2**

PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Opening balance	113 943	104 972
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	16 332	8 971
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**130 275**	**113 943**

The Irregular expenditure listed above is as a result of the following -

- The extension of the 3 contracts by MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals and training was not disturbed
- Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17
- Minimum of 3 quotations were not obtained
- Submission of tender time not in submission register of tender
- Not utilising PPR 22 for 2024-25 transactions

RECONCILING NOTES

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	16 332	8 971
Total	**16 332**	**8 971**

B) DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure under determination	101 767	101 767
Irregular expenditure under investigation	-	-
Total	**101 767**	**101 767**

The determination test was conducted using the framework for identifying and managing irregular expenditure, specifically focusing on whether the expenditure in question qualifies as irregular. This process was carried out by the Internal Auditors to assess the legitimacy and compliance of the expenditure.

Irregular expenditure, as defined in the Public Finance Management Act (PFMA), refers to expenses incurred in violation of any applicable legislation, regulations, or internal policies. To determine whether an expenditure is irregular, the Internal Auditors utilized the following steps within the framework:

The determination process by the Internal Auditors is a critical step in ensuring financial accountability and compliance with the regulatory framework. Their findings on the irregular expenditure amount provide a basis for management to take necessary actions, which may include reporting the expenditure to relevant authorities, initiating disciplinary procedures, or implementing corrective measures to strengthen internal controls

C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure condoned	-	-
Total	**-**	**-**

The entity did not incur any irregular expenditure that required condonation during the year under review. However, the entity is currently at the determination level for the identified irregular expenditure.

This means that the entity has detected instances of irregular expenditure and is actively engaged in assessing the nature and extent of these expenditures. The process of determination involves a thorough investigation to establish the facts surrounding each case, including whether any losses were incurred, and identifying the responsible parties.

Based on the outcomes of this determination process, appropriate corrective actions will be taken, which may include the initiation of disciplinary procedures, recovery of losses, or the request for condonation where applicable.

The entity remains committed to maintaining robust internal controls and compliance with all relevant legislative frameworks to prevent future occurrences of irregular expenditure. Continuous improvements are being made to the procurement and financial management processes to ensure adherence to regulations and to strengthen the overall governance framework.

D) DETAILS OF IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

During the year under review, the entity has not recorded any irregular expenditure that has been removed from its financial statements. This implies that there were no instances of irregular expenditure that were either written off or condoned during the financial year.

The entity is currently at the determination level for irregular expenditure, meaning that it is in the process of assessing the identified irregular expenditure to establish the extent, nature, and accountability of the irregularities.

This determination process is essential to ensure that any irregular expenditure is thoroughly investigated and appropriately dealt with in accordance with the applicable regulations and guidelines.

E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

During the financial year under review, the entity has determined that there is no irregular expenditure that is recoverable.

The entity is currently at the determination stage for the irregular expenditure that was identified. This stage involves a thorough investigation to establish whether any portion of the expenditure can be recovered, whether it resulted from fraudulent activities or non-compliance with procurement regulations, and to determine the responsible parties.

The entity remains committed to upholding the highest standards of financial management and governance. All irregular expenditure is subject to ongoing review, and the entity will continue to report transparently on the progress of these matters in future financial statements.

F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

During the year under review, the entity did not have any irregular expenditure written off as irrecoverable, either for the current financial year or for previous years. This reflects the entity's ongoing commitment to ensuring that all instances of irregular expenditure are thoroughly investigated and appropriately addressed.

The entity is currently at the determination level for the irregular expenditure identified. This means that all identified instances of irregular expenditure are under investigation to establish the nature, cause, and extent of the irregularity. The determination process involves a detailed examination of whether the expenditure was incurred due to non-compliance with relevant laws, regulations, or internal policies, and whether any officials are liable for the expenditure.

Once the determination process is concluded, the entity will take the necessary steps based on the findings. These steps may include recovering any losses, disciplinary action against responsible officials, or seeking condonation from the relevant authorities if the irregular expenditure is deemed unavoidable and in the best interest of the entity. Only after all these avenues have been exhausted would any expenditure be considered for write-off as irrecoverable.

The entity remains committed to maintaining stringent internal controls and compliance with all applicable laws and regulations to prevent the recurrence of irregular expenditure. The current determination process is a critical part of ensuring accountability and safeguarding public funds.

MRTT

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

G) DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION
N/A

The entity has not encountered any instances of non-compliance in situations where it is involved in inter-institutional arrangements. This means that in all collaborative efforts with other institutions, MRTT has ensured that its responsibilities have been upheld to the highest standards, and there have been no cases where another institution's non-compliance has affected our operations or obligations.

This achievement underscores our commitment to robust governance and the meticulous execution of our duties, even in complex, collaborative environments. Our proactive approach in managing inter-institutional arrangements has ensured that all parties involved operate within the required legal and regulatory frameworks, thereby safeguarding the integrity and reputation of MRTT.

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION
N/A

The entity has not encountered any instances of non-compliance in situations where it is involved in inter-institutional arrangements. This means that in all collaborative efforts with other institutions, MRTT has ensured that its responsibilities have been upheld to the highest standards, and there have been no cases where another institution's non-compliance has affected our operations or obligations.

This achievement underscores our commitment to robust governance and the meticulous execution of our duties, even in complex, collaborative environments. Our proactive approach in managing inter-institutional arrangements has ensured that all parties involved operate within the required legal and regulatory frameworks, thereby safeguarding the integrity and reputation of MRTT.

I) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DESCRIPTION
N/A

As of the reporting period, the entity has not undertaken any disciplinary or criminal actions concerning the irregular expenditure identified. This is primarily because the necessary determination and investigation processes are still underway. The entity is committed to ensuring that all irregular expenditures are thoroughly investigated to establish whether any transgressions occurred that would warrant disciplinary or criminal action.

Currently, the determination test, which is a critical step in identifying the root causes and responsible parties for the irregular expenditure, is progressing through the appropriate governance structures. These governance structures include review and approval processes that ensure due diligence is followed and that any actions taken are justified and compliant with relevant regulations and internal policies.

Once the determination test is concluded, and should it reveal any instances of misconduct or non-compliance, the entity will take appropriate disciplinary or criminal steps as required by law. This approach aligns with our commitment to accountability, transparency, and good governance.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF WASTEFUL EXPENDITURE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Opening balance	415	0
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	197	415
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**612**	**415**

During the financial year ended 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) incurred interest and penalties relating to outstanding audit fees payable to the Auditor-General of South Africa (AGSA). The expenditure arose as a result of delayed payments for year audit invoices.

In an effort to regularize the situation, MRTT entered into a formal payment arrangement with AGSA, which stipulated that if MRTT complies with the agreed payment terms, all interest and penalties charged would be reversed. The payment arrangement was effective during the financial year and concluded at the end of April 2025, which is after the reporting date. As at 31 March 2025, MRTT had complied fully with the agreed-upon payment schedule.

However, written confirmation from AGSA indicating the reversal of interest and penalties had not yet been received by the reporting date. As a result, and in line with the principle of prudence, the full amount of interest and penalties charged to date has been disclosed as fruitless and wasteful expenditure pending official confirmation of the write-off.

Management remains confident that the terms of the arrangement have been met and that AGSA will honor the commitment to reverse the charges. The matter is being followed up, and any adjustments required will be accounted for in the subsequent reporting period.

RECONCILING NOTES

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	197	415
Total	**197**	**415**

During the financial year ended 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) incurred interest and penalties relating to outstanding audit fees payable to the Auditor-General of South Africa (AGSA). The expenditure arose as a result of delayed payments for year audit invoices.

In an effort to regularize the situation, MRTT entered into a formal payment arrangement with AGSA, which stipulated that if MRTT complies with the agreed payment terms, all interest and penalties charged would be reversed. The payment arrangement was effective during the financial year and concluded at the end of April 2025, which is after the reporting date. As at 31 March 2025, MRTT had complied fully with the agreed-upon payment schedule. However, written confirmation from AGSA indicating the reversal of interest and penalties had not yet been received by the reporting date. As a result, and in line with the principle of prudence, the full amount of interest and penalties charged to date has been disclosed as fruitless and wasteful expenditure pending official confirmation of the write-off.

Management remains confident that the terms of the arrangement have been met and that AGSA will honor the commitment to reverse the charges. The matter is being followed up, and any adjustments required will be accounted for in the subsequent reporting period.

B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	415	0
Fruitless and wasteful expenditure under investigation	-	-
Total	**415**	**0**

During the year under review a determination was conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the prior financial year under audit and will be put through the process as guided by the relevant prescripts.

C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	**-**	**-**

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts

D) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts

E) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION
N/A

During the year under review, it was identified that there was no formal assessment, determination, or investigation conducted regarding fruitless and wasteful expenditure as the fruitless and wasteful expenditure was discovered during the financial year under audit and will be put through the process as guided by the relevant prescripts

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))9

A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2024/2025 R'000	2023/2024 R'000
Theft	9	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	**9**	**-**

The entity for the period under review had theft of assets to the net book value of R9 436

B) DETAILS OF OTHER MATERIAL LOSSES

NATURE OF OTHER MATERIAL LOSSES	2024/2025 R'000	2023/2024 R'000
	-	-
Total	**-**	**-**

The entity for the period under review does not have material losses through other material losses.

C) OTHER MATERIAL LOSSES RECOVERABLE

NATURE OF LOSSES	2024/2025 R'000	2023/2024 R'000
	-	-
Total	**-**	**-**

The entity for the period under review does not have material losses recoverable.

D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

NATURE OF LOSSES	2024/2025 R'000	2023/2024 R'000
	-	-
Total	**-**	**-**

The entity for the period under review does not have material losses not recoverable and written off.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE R'000
Valid invoices received	1 301	33 560
Invoices paid within 30 days or agreed period	1 243	27 187
Invoices paid after 30 days or agreed period	58	6 373
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

During the year under review, the entity experienced significant cash flow challenges primarily due to a reduction in grant allocations. The cut in grant funding, which was a key component of our financial resources, placed a substantial strain on our liquidity. As a result, there were delays in processing payments, which impacted several financial obligations and operational expenditures.

The reduced grant allocation, coupled with the ongoing financial commitments, created a shortfall in available cash resources. This shortfall led to difficulties in maintaining timely payments to suppliers and other creditors. The management team implemented various measures to mitigate the impact, including prioritizing critical payments and seeking alternative financing solutions.

Despite these efforts, the delayed payments were an unavoidable consequence of the cash flow constraints faced during the period. Going forward, we are taking steps to address these challenges by reviewing and adjusting our financial strategies to better manage cash flow and minimize the risk of similar issues in future periods.

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Caseware Training	Caseware	Deviation	N/A	43
Audit Assistance for Prior Year Audit Qualification	SNG Grant Thornton	Deviation	N/A	978
TOTAL				**1021**

MRTT

The procurement by other means relates to two specific instances.

The first instance involved the training of finance officials on the use of CaseWare, a financial reporting system applied in the preparation of the Annual Financial Statements (AFS).

This intervention was necessary to strengthen the capacity of officials and ensure compliance with relevant reporting standards.

The second instance concerned the appointment of a service provider to provide technical assistance in addressing material prior-year audit findings raised by the Auditor-General of South Africa (AGSA).

The objective was to enhance the quality of financial reporting, improve audit readiness, and mitigate the recurrence of audit findings.

3.2. CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE R'000	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) R'000	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000
Supply of Bread	Sunbake	Extension of contract	n/a	As and when required basis	13	10
Supply of Meat & Meat products	Parks Butchery	Extension of contract	n/a	As and when required basis	224	336
Supply of Dry Goods	Chipkins Catering (Bidvest-Bidfood)	Extension of contract	n/a	As and when required basis	886	1 166
Supply of ICT services	Grid Eye Technologies - Provision of Internet and VPN	Extension of contract	n/a	Monthly amount	4 496	639
Supply of Lift Maintenance	OTIS - Provision of lift services at HTA	Extension of contract	n/a	Monthly amount	24	30
Supply of Car Tracking Service	Ctrack - Provision of vehicle tracking	Extension of contract	n/a	Monthly amount	49	29
Supply of Fleet management services of garage cards	Standard Bank Stannic - Provision of Fleet Petrol Cards	Extension of contract	n/a	As and when required basis	916	1 239
Provision of Panic Button	Hi-Tech Security- Provision of Security Panic Button (HTA)	Extension of contract	n/a	Monthly amount	9	12
Provision of Alarm	Chub Security / National Security and Fire (Pty) Ltd	Extension of contract	n/a	Monthly amount	89	7
Provision of record management	Docufile Records Management / Iron Mountain - Provision of Space to Archive and store Documents	Extension of contract	n/a	Monthly amount	207	53
TOTAL					**2 916**	**3 526**

PART F

FINANCIAL INFORMATION

REPORT OF THE AUDITOR - GENERAL

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Mpumalanga Regional Training Trust set out on pages 72 to 111, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statements and statement of comparison of budget and actual amounts 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 and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Regional Training trust as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

PROPERTY PLANT AND EQUIPMENT

3. The entity did not account for property plant and equipment in accordance with the standards of GRAP 17 property, plan, and equipment. This is due to errors in calculation of depreciation and accumulated depreciation. I was unable to determine the full extent of understatement on property, plant and equipment and overstatement in depreciation as disclosed in note 05 to the financial statements respectively, as impractical to do so. Consequently, I was unable to determine if any adjustment was necessary to property, plant and equipment stated at R 99,5 million (2023-24: R109,7 million) as well as depreciation stated at R10,2 million (2023-24: R7,9 million) to the financial statements respectively. There was also an impact on the revaluation reserve, surplus for the period and on the accumulated surplus as well as the prior period error note as disclosed in note 26 to the financial statements.

STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNT

4. The statement of comparison of budget and actual amounts was not correctly prepared and disclosed as required Standards of GRAP 24, *Presentation of budget information in financial statement.* This was due to the statement not being prepared on the comparable basis. I was unable to determine the full extent of the errors in the statement of comparison budget and actual Amount as it was practical to do so.

IRREGULAR EXPENDITURE

5. Not all irregular expenditure was included in note 30 to the financial statements respectively, as required by section 55(2)(b)(i)of the PFMA. Expenditure was incurred in contravention of section 53(4) of the PFMA requirements, resulting in irregular expenditure. Consequently, I was unable to determine the full extent of the understatement to irregular expenditure stated at R16,33 million in note 30 to the financial statements as it was impractical to do so.

STATEMENT OF CHANGES IN NET ASSETS

6. The statement of changes in net assets was not correctly prepared and disclosed as required Standards of GRAP 1, Presentation of financial statements. This was due to multiple errors noted in the statement of changes in net assets. I was unable to determine the full extent of the errors in the statement of changes in net assets as it was impractical to do so.

CONTEXT FOR OPINION

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

8. I am independent of the public 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.

9. 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

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

11. I draw attention on note 28 to the financial statement of Mpumalanga Regional Training Trust which indicates that as at 31 March 2025, the public entity had an accumulated deficit of R33,2 million and that the public entity's current liabilities exceed its current assets by R30,1 million. As stated in note 28, these events or conditions, along with other matters as stated 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.

MRTT

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS - RECEIVABLES

13. As disclosed in note 3 to the financial statements, a material impairment of R17,6 million (2023-24: R15,5 million were incurred as a result of the impairment provision of the receivables from exchange transactions.

MATERIAL IMPAIRMENTS - INTERCOMPANY ACCOUNT

14. As disclosed in note 8 to the financial statements, a material impairment of R11,2 million (2023-24: R11,2 million) were incurred as a result of the impairment provision of the intercompany loan.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

16. In preparing the financial statements, the accounting authority is responsible for assessing the public 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 public entity or to cease operations, or has no realistic alternative but to do so.

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

17. 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.

18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 67 forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

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

20. I selected the following material performance indicators related to Technical Training Operations, Hospitality and Tourism Academy and Mpumalanga Skills and Innovation Hub presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - POI 101: Number of learners to Receive training in SAQA-registered learning programmes in culinary studies
    - POI 102: Number of learners to receive training in SAQA-registered learning programmes in hospitality studies
    - POI 103: Number of learners to receive customized training
    - POI 104: Number of learners receiving coaching and mentoring in the workplace
    - POI 105: Number of learners receiving coaching and mentoring in the workplace (culinary)
    - POI 106: Number of learners receiving coaching and mentoring in the workplace (hospitality studies)
    - POI 201: Number of learners to receive accredited or customised institutional training and continuing
    - POI 202: Number of candidates on RPL and trade testing
    - POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development
    - POI 204: Number of learners targeted for workplace opportunities and incubation programme
    - POI 205: Number of learners receiving accredited training through skills programmes
    - POI 206: Number of learners receiving workplace training through secured projects
    - POI 207: Number of projects secured
    - POI 401: Number of information communication technology training for out of school youth coordinated

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

22. I performed procedures to test whether:

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

23. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

24. The material findings on the reported performance information for the selected material indicators are as follows:

POI 201: NUMBER OF LEARNERS TO RECEIVE ACCREDITED OR CUSTOMISED INSTITUTIONAL TRAINING AND CONTINUING

25. The indicator in the annual performance report differed from what was committed to in the approved initial and revised planning documents. The reported indicator was number of learners to receive accredited or customised institutional training and continuing while the planned indicator was number of learners trained in full qualification and skills programme. This change was made without obtaining the required approval, which undermines transparency and accountability.

POI 203: NUMBER OF LEARNERS TRAINED THROUGH SECURED FUNDING IN SKILLS PROGRAMMES; LEARNERSHIP AND APPRENTICECHIPS TOWARD ARTISAN DEVELOPMENT

26. The indicator in the annual performance report differed from what was committed to in the approved initial and revised planning documents. The reported indicator was number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development while the planned indicator was number of learners trained through artisan development. This change was made without obtaining the required approval, which undermines transparency and accountability.

VARIOUS INDICATORS

27. Based on audit evidence, the actual achievements for two indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under-achievements on the targets were more than reported and the achievements against the targets were lower than reported.

INDICATOR	TARGET	REPORTED ACHIEVEMENT
POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development	100 learners	133 learners
POI 204: Number of learners targeted for workplace opportunities and indubation programme	40 learners	42 learners
POI 206: Number of learners receiving training through secured projects	40 learners	70 learners
POI 207: Number of projects secured	3 projects	3 projects

POI 401: NUMBER OF INFORMATION COMMUNICATION TECHNOLOGY TRAINING FOR OUT OF SCHOOL YOUTH COORDINATED

28. An achievement of one training conducted was reported against a target of one training to be conducted. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

ACHIEVEMENT OF PLANNED TARGETS

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

MRTT

30. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 20 to 29.

HOSPITALITY AND TOURISM ACADEMY

Targets achieved: 75%

Budget spent: Not indicated for each indicator.

KEY INDICATOR NOT ACHIEVED	TARGET	REPORTED ACHIEVEMENT
POI 102: Number of learners to receive training in SAQA registered learning programmes in hospitality studies	20 learners	15 learners

TECHNICAL TRAINING OPERATIONS

Targets achieved: 95%

Budget spent: Not indicated for each indicator.

KEY INDICATOR NOT ACHIEVED	TARGET	REPORTED ACHIEVEMENT
POI 205: Number of learners receiving training through skills programmes	40 learners	38 learners

MATERIAL MISSTATEMENTS

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for technical training operations, hospitality and tourism academy and Mpumalanga skills and innovation hub. Management did not correct all of te misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

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

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

36. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) and (b) of the PFMA.

37. Material misstatements of liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected and/or the supporting records were provided, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

38. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the value disclosed in note 30 of the financial statements does not reflect the full extent of the irregular expenditure incurred/full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management provisions.

39. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by late payment of supplier invoices.

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

REVENUE MANAGEMENT

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

CONSEQUENCES MANAGEMENT

42. I was unable to obtain suffcient appropriate audit evidence that disciplinary steps were taken against offcials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

43. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. this was because investigations into fruitless and wasteful expenditure wer not performed.

PROCUREMENT AND CONTRACT MANAGEMENT

44. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022. This non-compliance was identified in the procurement processes for the quotations.

45. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 56 of the PFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

49. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and issue an amended report as appropriate. If the other information is corrected, however, this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

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

52. Management did not implement adequate daily and monthly processes for recording transactions. In addition, management did not properly review the financial statements and related supporting documentation to ensure that the financial statements were prepared in accordance with the applicable financial reporting framework. This was evidenced by material misstatements identified in the annual financial statements submitted for audit.

53. Management was ineffective in implementing the audit action plan to address significant internal control deficiencies and prevent findings from recurring.

54. Management did not implement proper record-keeping to ensure that complete, relevant and accurate information is readily accessible and available to support financial and performance reporting. Additionally, management did not adequately review the annual performance report and related supporting schedule to confirm accuracy and completeness of reports information.

55. Management did not ensure that the public entity has adequate monitoring controls to ensure that the public entity complies with all its applicable laws and regulations applicable to it.

MATERIAL IRREGULARITIES

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

MRTT

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS MADE ON COVID-19 PROCUREMENT

57. The accounting authority did not ensure that the public entity complies with PFMA section 51(1)(a)(i) which states that an accounting authority for a public entity must ensure that the public entity has and maintains- effective, efficient and transparent systems of financial and risk management and internal control.

58. The public entity did not maintain an effective and efficient system of internal control as the requirements of paragraph 3.1 of the National Treasury Instruction No.5 of 2021: Emergency procurement in response to a national state of disaster were not implemented by the entity. As a result, overpayments were made to various service providers on the procurement of COVID-19 related supplies by the public entity. The overpayments are likely to result in a material financial loss for the public entity if the money is not recovered.

59. The accounting authority was notified of the material irregularity on 15 December 2021. The following actions have been taken or are planned to address the material irregularity:

60. In September 2023, a preliminary investigation into the material irregularity was completed by a forensic audit firm. The report recommended further investigation due to the seriousness of the findings and the need to quantify the financial loss suffered by MRTT.

61. In November 2024, the SIU finalised a preliminary report on COVID-19 expenditure under a presidential proclamation, identifying two officials responsible for the material irregularity. In February 2025, a charge sheet was issued against one of them, and in April 2025, disciplinary action was initiated against the official, which remains ongoing. As at 31 July 2025, the SIU's investigation into the second official is still in progress. The accounting authority intends to act base on the investigation's outcome, with all related processes expected to conclude by 30 September 2025.

62. In January 2025, an Economising Committee was established to strengthen internal controls over quotation-based procurement. The committee advises on pricing, quality, and the legitimacy of goods and services procured. No pricing concerns were identified through audit procedures during the year under review.

63. In June 2025, a service provider was appointed to quantify the financial loss suffered. The process is ongoing and is planned for completion by October 2025.

Auditor – General

Mbombela

07 August 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

MRTT

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

The members 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 2026 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.

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 4.

The annual financial statements set out on pages 8 to 52, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2025 and were signed on its behalf by:

PP Maoko

Chairperson of the Board of Directors

Date: 31 July 2025

CD Maebela

Acting Chief Executive Officer - *ex-offcio*

Date: 31 July 2025

MRTT

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2025.

1. REVIEW OF ACTIVITIES

MAIN BUSINESSES AND OPERATIONS

The entity is in skills development and operates primarily in the Mpumalanga Province. The entity operates mainly in Emalahleni as well as in Nelspruit and offers a range of accredited and customised courses from NQF level 2 to NQF level 5 in Technical and Hospitality trades.

Net deficit of the entity was R 20 356 826 (2024: deficit R 9 656 517).

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.

For a detailed analysisplease refer to Note 28 of the Financial Statements.

3. SUBSEQUENT EVENTS

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

4. MEMBERS' INTEREST IN CONTRACTS

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

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

The 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.

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

- PP Maoko - Chairperson of the Board of Directors
- LM Motshwane
- TR Mokgoshi
- B Sibanyoni
- MITibane
- HH Nkanyane
- LH Moyane - Head Official :Provincial Department of Education - ex-officio
- D Dlamini (Audit Committee Chairperson) *(Invited to Board meetings as and when required)
- N Madiba (Risk Management Committee Chairperson)* (Invited to Board meetings as and when required)
- CDMaebela - Acting Chief Executive Officer - ex-officio

7. SECRETARY

The secretary of the entity is NK Mametja is:

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 compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa .

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

ACCOUNTING AUTHORITY

The members of the Accounting Authority:

- 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.

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 R
Mpumalanga Innovation and Skills Hub	4 253 511
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd *(Subsidiary is in liquidation process; the financial transactions are immaterial)*	

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure of R16 331 561 in the current financial year and for the prior financial year the expenditure was R8 971 467.

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

COMPANY SECRETARY'S CERTIFICATION

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

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

NK Mametja

Company Secretary

Date: 31 July 2025

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	Note(s)	2025 R	2024 Restated R
ASSETS			
CURRENT ASSETS			
Inventories	2	187 075	267 935
Receivables from exchange transactions	3	6 049 491	5 862 287
Receivables from non-exchange transactions	10	1 000 561	822 000
Cash and cash equivalents	4	5 826 958	8 33 473
		13 064 085	**15 285 695**
NON-CURRENT ASSETS			
Property, plant, and equipment	5	99 524 498	109 721 571
Intangible assets	6	-	66 420
Investments in controlled entities	7	100	100
		99 524 598	**109 788 091**
Total Assets		**112 588 683**	**125 073 786**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	13	37 790 021	29 926 572
Provisions	12	5 342 550	5 327 080
		43 132 571	**35 253 652**
Total Liabilities		**43 132 571**	**35 253 652**
Net Assets		**69 456 112**	**89 820 134**
RESERVES			
Revaluation reserve	11	102 640 390	106 687 944
Accumulated deficit		(33 184 278)	(16 867 810)
Total Net Assets		**69 456 112**	**89 820 134**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2025

	Note(s)	2025 R	2024 Restated R
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	14	20 279 204	32 448 061
Interest received	14	474 673	504 485
Bad debts recovered	14	6 968	-
Total revenue from exchange transactions	14	**20 760 845**	**32 952 546**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants	15	82 962 186	78 960 089
Total revenue	14	**103 723 031**	**111 912 635**
EXPENDITURE			
Personnel	16	(59 233 533)	(59 998 415)
Depreciation and amortisation	5&6	(10 280 867)	(8 073 578)
Administrative	17	(11 303 606)	(13 955 522)
Debt Impairment - (Decrease in impairment for the prior year)	18	(2 305 228)	(1 338 932)
Operating expenses	19	(40 956 623)	(38 202 705)
Total expenditure		**(124 079 857)**	**(121 569 152)**
Deficit for the year		**(20 356 826)**	**(9 656 517)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2025

	Revaluation reserve R	Accumulated deficit R	Total net assets R
BALANCE AT 1 APRIL 2023	**86 827 650**	**(8 276 317)**	**78 551 333**
Changes in net assets			
Fair value gains Land and Buildings	23 256 753	-	23 256 753
Prior period error (RUL)	-	(1 307 926)	(1 307 926)
Realisation of revaluation surplus	(3 396 459)	3 396 459	-
Net gain recognised directly in net assets	**19 860 294**	**2 088 533**	**21 948 827**
Deficit for the year	**-**	**(9 656 517)**	**(9 656 517)**
Total recognised income and expenses for the year	**19 860 294**	**(7 567 984)**	**12 292 310**
Total changes	**19 860 294**	**(7 567 984)**	**12 292 310**
BALANCE AT 1 APRIL 2024	**106 687 944**	**(16 875 006)**	**89 812 938**
Changes in net assets			
Deficit for the year	-	(20 356 826)	(20 356 826)
Realisation of revauluation surplus	(4 047 554)	4 047 554	-
Total changes	**(4 047 554)**	**(16 309 272)**	**(20 356 826)**
BALANCE AT 31 MARCH 2025	**102 640 390**	**33 184 278**	**69 456 112**
Note(s)	11		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

	Note(s)	2025 R	2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering of services		17 952 321	35 151 112
Government Grants		81 145 670	77 549 000
Interest received		474 673	504 485
		99 572 664	**113 204 597**
PAYMENTS			
Suppliers and Employee costs		(101 600 697)	(111 682 510)
Net cash flows from operating activities	22	**(2 028 033)**	**1 522 087**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	5	(581 783)	(1 714 693)
Net Increase / (decrease) in cash and cash equivalents		**(2 506 514)**	**(202 536)**
Cash and cash equivalents at the beginning of the year		8 333 473	8 536 009
Cash and cash equivalents at the end of the year	4	**5 826 959**	**8 333 473**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2025

BUDGET ON ACCRUAL BASIS

	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	22 150 000	-	22 150 000	20 749 824	(1 400 176)	32.1
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	66 994 000	20 000 000	86 994 000	88 455 186	1 461 186	32.2
Total revenue	**89 144 000**	**20 000 000**	**109 144 000**	**109 205 010**	**61 010**	
EXPENDITURE						
Personnel	(50 535 243)	(6 600 000)	(57 135 243)	(59 233 533)	(2 098 290)	32.3
Capital expenditure	(1 805 000)	-	(1 805 000)	(581 783)	1 223 217	32.5
Deprecation and Amortisation	-	-	-	(10 280 867)	(10 280 867)	
Debt Impairment	-	-	-	(2 305 228)	(2 305 228)	
Goods and Services	(36 803 757)	(13 400 000)	(50 203 757)	(52 260 229)	(2 056 472)	32.4
Total expenditure	**(89 144 000)**	**(20 000 000)**	**(109 144 000)**	**(124 661 000)**	**(15 517 640)**	
Deficit before taxation	**-**	**-**	**-**	**(15 456 630)**	**(15 456 630)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(15 456 630)**	**(15 456 630)**	

RECONCILIATION	
BASIS DIFFERENCE	
Depreciation and amortisation	10 280 867
Accruals	449 561
Provisions	485 156
Services in kind	(1 461 386)
Debt impairment	2 305 228
Services in kind	1 461 386
Loss on disposal of assets	568 229
Actual Amount in the Statement of Financial Performance	**(1 367 589)**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

These accounting policies are consistent with the previous period,

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTIANTY

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.

IMPAIRMENT TESTING

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 12 - Provisions.

ALLOWANCE FOR DOUBTFUL DEBTS

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE (YEARS)
Machinery and Equipment	Straight line	10 - 30
Office Furniture	Straight line	20 - 30
Motor vehicles	Straight line	15
Office Equipment	Straight line	20 - 30
Computer equipment	Straight line	10 - 20
Domestic equipment	Straight line	20 - 30

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

IMMOVABLE ASSETS (LAND AND BUILDINGS)

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

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

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

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

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

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

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

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

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

Land is not depreciated.

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

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

USEFUL LIFE

Buildings - 20 years.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate. The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE (YEARS)
Computer software	Straight line	3 - 6

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.

1.8 FINANCIAL INSTRUMENTS

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

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

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

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

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

A financial asset is:

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

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

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

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

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

INITIAL RECOGNITION

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

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

1.9 LEASES

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

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

1.10 INVENTORIES

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

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

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

distribution at no charge or for a nominal charge; or

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

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

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

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

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

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

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

1.11 EMPLOYEE BENEFITS

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

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

the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or

the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAMS

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

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised however the contingencies are disclosed in note .

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

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE

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

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

MEASUREMENT

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

SALE OF GOODS

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

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

RENDERING OF SERVICES

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

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

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

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

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

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

RECOGNITION

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

MEASUREMENT

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

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

GIFTS AND DONATIONS, INCLUDING GOODS IN KIND

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

SERVICES IN-KIND

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.17 IRREGULAR EXPENDITURE

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

(a) this Act; or

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

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

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

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

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

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

1.18 SEGMENT INFORMATION

A segment is an activity of an entity:

that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

for which separate financial information is available.

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

MEASUREMENT

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

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

1.19 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

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

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

1.20 RELATED PARTIES

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

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

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

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

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

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

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

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

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

1.21 MEMBERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

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.

1.22 MEMBERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

BASIS OF PREPARATION

This policy is prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), particularly:

GRAP 1 – Presentation of Financial Statements

GRAP 20 – Related Party Disclosures

GRAP 25 – Employee Benefits

DEFINITIONS

Members refer to the members of the Accounting Authority (Board of Directors), as appointed in terms of the Public Finance Management Act (PFMA).

Prescribed Officers refer to individuals holding executive or senior management positions, who are required by regulation to be disclosed in the Annual Financial Statements.

- **RECOGNITION OF EMOLUMENTS**

  Members' and prescribed officers' emoluments are recognised as expenses in surplus or deficit when the services are rendered. Emoluments include:

  - Remuneration (salaries, wages, allowances, bonuses)
  - Contributions to pension, medical aid or other post-employment benefit plans
  - Other benefits (e.g., use of motor vehicles, travel, accommodation, or cell phone allowances) Sitting fees, preparation fees, cell phone allowance and accommodation
  - Non-cash benefits are recognised at fair value in the period in which they are granted.

- **MEASUREMENTS**

  Emoluments are measured on an accrual basis, in line with the entity's remuneration policy and employment contracts. Where applicable, emoluments are grossed up for tax and disclosed in total.

- **DISCLOSURE**

  In line with GRAP 20 and the PFMA requirements, the following disclosures are made in the notes to the financial statements: Names and positions of members and prescribed officers

  Detailed breakdown of total emoluments per individual, including:

  - Basic salary
  - Bonuses and performance-related payments
  - Contributions to defined benefit and/or defined contribution plans
  - Other material benefits and allowances
  - Board fees (sitting and preparation fee)
  - Emoluments are disclosed separately for non-executive board members and executive/prescribed officers, on a comparative basis (current year and prior year).

- **RELATED PARTY CONSIDERATIONS**

  Emoluments form part of related party transactions under GRAP 20. Accordingly, material transactions and balances with members and prescribed officers are assessed and disclosed if they meet the definition of related party transactions.

NOTES ANNUAL FINANCIAL STATEMENTS

2. INVENTORIES

	2025 R	2024 Restated R
Consumables	187 075	267 935
Carrying value of inventories carried at fair value less costs to sell	187 075	267 935

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 Restated R
Trade debtors	23 649 629	21 333 767
Allowance for impairment	(17 603 638)	(15 474 980)
Deposits	3 500	3 500
	6 049 491	**5862 287**

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

MRTT does not have trade and other receivables pledged as security.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

MRTT as at the financial year-end did not have trade and other receivables past due but not impaired:

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (17 603 638) as of 31 March 2025 (2024: R (15 474 980)).
The ageing of the receivables is disclosed in note 27:

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2025 R	2024 Restated R
Opening balance	15 474 980	14 136 048
Provision for impairment	2 128 658	1 338 932
	17 603 638	**15 474 980**

4. CASH AND CASH EQUIVALENTS

	2025 R	2024 Restated R
Cash and cash equivalents consist of:		
Cash on hand	13 658	8 634
Bank balances	3 812 252	8 294 294
Short-term deposits	2 001 048	30 545
	5 826 958	**8 333 473**

As at 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) held R5.83 million in cash and cash equivalents, while owing R28.24 million to its subsidiary, the Mpumalanga Innovation and Skills Hub (MISH). This results in a cash funding shortfall of R22.42 million. The liability represents funds allocated to MISH in both the current and prior financial years by the Mpumalanga Department of Education, which were deposited into MRTT's bank account, as MISH does not maintain a separate bank account. MRTT has, in previous years, utilised a portion of these funds to finance its own operational expenditures. The liability is further disclosed under Payables from exchange transactions in note 13.

5. PROPERTY, PLANT AND EQUIPMENT

	2025			2024 (Restated)		
	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R
Land and buildings	100 207 000	(9 236 200)	90 970 800	100 207 000	-	100 207 000
Machinery and equipment	5 807 320	(2 600 269)	3 207 051	6 179 933	(2 648 048)	3 531 885
Office furniture	4 683 185	(2 767 771)	1 915 414	5 249 550	(2 983 360)	2 266 190
Motor vehicles	2 845 443	(2 011 933)	833 510	2 845 443	(1 803 556)	1 041 887
Office equipment	607 845	(312 016)	295 829	646 817	(297 760)	349 057
Computer equipment	2 378 913	(995 895)	1 383 018	2 356 008	(1 022 805)	1 333 203
Domestic equipment	1 431 560	(512 684)	918 876	1 555 637	(563 288)	992 349
Total	**117 961 266**	**(18 436 768)**	**99 524 498**	**119 040 388**	**(9 318 817)**	**109 721 571**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Land & Buildings	100 207 000	-	-	(9 236 200)	90 970 800
Machinery and equipment	3 531 885	53 988	(82 290)	(296 532)	3 207 051
Office furniture	2 266 189	-	(159 834)	(190 942)	1 915 413
Motor vehicles	1 041 887	-	-	(208 377)	883 510
Office equipment	349 056	-	(22 685)	(30 542)	295 829
Computer equipment	1 333 205	390 182	(162 546)	(177 821)	1 383 020
Domestic equipment	992 349	137 613	(137 053)	(74 034)	918 875
Total	**109 721 571**	**581 783**	**(564 408)**	**(10 214 448)**	**99 524 498**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	Opening balance R	Additions R	Gains NBV R	Disposals R	Prior Period Error R	Accumliated Depreciation on Error R	Revaluations R	Acc. dep Adjustments R	Depreciation R	Total R
Land & Buildings	77 613 380	-	-	-	6 445 056	(172 162)	23 256 752	-	(6 936 025)	100 207 001
Machinery and equipment	2 932 736	1 009 784	(37 596)	-	-	-	-	(71 685)	(301 355)	3 531 884
Office furniture	2 615 775	48 688	(18 741)	-	-	-	-	(149 802)	(229 731)	2 266 189
Motor vehicles	1 307 351	-	-	-	-	-	-	(57 086)	(208 377)	1 041 888
Office equipment	329 212	61 019	(1 315)	(3 109)	-	-	-	(5 222)	(31 528)	349 057
Computer equipment	1 375 813	339 252	(13 845)	(141 885)	-	-	-	(24 467)	(201 668)	1 333 202
Domestic equipment	829 407	255 950	(2 021)	-	-	-	-	(11 299)	(79 687)	992 350
Total	**87 003 674**	**1 714 693**	**(73 518)**	**(144 994)**	**6 445 056**	**(172 162)**	**(172 162)**	**(319 561)**	**(7 988 369)**	**109 721 571**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2025 R	2024 Restated R

REVALUATIONS

The effective date of the revaluations was 31 March 2024. Valuations were performed by independent valuer, Mr. Chris Baleni [Professional Valuer], of Chris B Valuers and Projects. Chris B Valuers and Projects are not connected to the entity.

Land and buildings are valued independently every five years.

DETAILS OF PROPERTIES

OTHER INFORMATION

HOSPITALITY AND TOURISM ACADEMY - KANYAMAZANE

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

	2025 R	2024 Restated R
Building	48 913 144	52 642 000
Land	2 795 000	2 795 000
	51 708 144	**55 437 000**

KABOKWENI TRAINING CENTRE - KABOKWENI

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

	2025 R	2024 Restated R
Building	7 691 909	9 700 000
Land	430 000	430 000
	8 121 909	**10 130 000**

TECHNICAL TRAINING CENTRE - EMALAHLENI

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

	2025 R	2024 Restated R
Building	24 084 086	28 020 000
Land	1 660 000	1 660 000
	25 744 086	**29 680 000**

MRTT HOUSE

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

	2025 R	2024 Restated R
Building	2 155 359	2 000 000
Land	390 000	390 000
	2 545 359	**2 390 000**

CORRIDOR HILL - EMALAHLENI

	2025 R	2024 Restated R
Land	2 570 000	2 570 000

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

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

	2025 R	2024 Restated R
Repairs and Maintenance	315 684	622 903

6. INTANGIBLE ASSETS

	2025			2024 (Restated)		
	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	(425 891)	66 420

RECONCILIATION OF INTANGIBLE ASSETS - 2025

	Opening balance R	Disposals R	Amortisation R	Total R
Computer software	66 420	(6)	(66 414)	-

RECONCILIATION OF INTANGIBLE ASSETS - 2024

	Opening balance R	Disposals R	Amortisation R	Total R
Computer software	151 630	-	(85 210)	66 420

7. INVESTMENTS IN CONTROLLED ENTITIES

Name of company	Held by	% holding 2025	% holding 2024	Carrying amount 2025 R	Carrying amount 2024 (Restated) R
Royal Hotel		100%	100 %	100	100

MRTT is the holding company of Royal Hotel and holds 100% of shares in the subsidiary called MRTT Royal Hotel Pilgrims Rest (Pty) Ltd. Operations of the Royal Hotel came to an end on the 31 of August 2022 as the lease expired.

8. LOANS TO (FROM) ECONOMIC ENTITIES

	2025 R	2024 Restated R
CONTROLLED ENTITIES		
Royal Hotel	11 151 893	11 151 893
During the 2012/13 financial year the entity signed a lease agreement with the Department of Public Works Roads and Transport (DPWRT) for the lease of Royal Hotel in Pilgrims Rest for a period of 9 years effective from the 1st October 2012. MRTT then formed a company (MRTT Royal Hotel Pilgrims Rest (Pty) Ltd) to run the affairs of the Royal Hotel and thereby the company is a subsidiary of MRTT as MRTT has significant control in the strategic operations of the hotel. MRTT performs management and centralized administration functions for the operating subsidiary. The intercompany account is the balance as at the end of the financial year. The balance in the current year is R11 151 893 and in the prior year was R11 151 893 and has been impaired at 100%.		
Impairment of balance at 100%	(11 151 893)	(11 151 893)
	-	-

The debtor is impaired at 100% as the subsidiary is undergoing a liquidation process as it is no longer a going concern and probability of recovery of the debt is highly unlikely.

9. EMPLOYEE BENEFIT OBLIGATIONS

	2025 R	2024 Restated R

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.

	2025 R	2024 Restated R
The total economic entity contribution to such schemes	5 655 246	4 916 543
The amount recognised as an expense for defined contribution plans is	5 655 246	4 916 543

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 Restated R
Government grants and subsidies	1 177 130	822 000
Impairment of debt	(176 569)	-
	1 000 561	**822 000**

11. 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.

	2025 R	2024 Restated R
Opening balance	106 687 944	86 827 650
Change during the year	-	23 256 752
Realisation of revaluation surplus	(4 047 554)	(3 396 458)
	102 640 390	**106 687 944**

12. PROVISIONS

RECONCILIATION OF PROVISIONS - 2025	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Leave days	3 619 140	665 595	(469 696)	-	3 815 049
Bonus	1 707 940	-	-	(180 439)	1 527 501
	5 327 080	**665 595**	**(469 686)**	**(180 439)**	**5 342 550**

12. PROVISIONS (CONTINUED)

RECONCILIATION OF PROVISIONS - 2024	Opening balance R	Additions R	Utilised during the year R	Total R
Leave days	3 681 296	579 842	(641 998)	3 619 140
Bonus	1 535 379	172 561	-	1 707 940
	5 216 675	**752 403**	**(641 998)**	**5 327 080**

EMPLOYEE BENEFIT COST PROVISION

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

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

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

13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 Restated R
Trade payables	34 765 653	26 981 451
Accruals	449 561	491 743
Income received in advance	2 574 807	2 453 378
	37 790 021	**29 926 572**

The Trade payables amount disclosed above includes amounts that are owed to the subsidiary (Mpumalanga Innovation and Skills Hub). The funds are held on behalf of Mpumalanga Innovation and Skills Hub which is a subsidiary company of Mpumalanga Regional Training Trust.

The balance in the current year is R 28 242 010

The balance in the prior year is R 24 044 201

14. REVENUE

Rendering of services	20 279 204	32 448 061
Interest received	474 673	504 485
Bad debts recovered	6 968	-
	20 760 845	**32 952 546**

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

Project income	12 660 865	25 932 619
Hotel income	4 054 107	2 058 344
Tuition fees	3 119 987	3 481 245
Other income	433 223	961 009
	20 268 182	**32 433 217**

14. REVENUE (CONTINUED)

PROJECT INCOME

REVENUE FROM EXCHANGE TRANSACTIONS - PROJECT INCOME (ECD PROJECTS)

In accordance with the requirements of GRAP 9, paragraph .29, the entity recognises revenue from ECD project agreements based on the stage of completion method, as the services are rendered over a period of time.

Management assesses whether an agreement meets all the conditions of an exchange transaction on an ongoing basis by evaluating the following criteria:

- The significant risks and rewards of ownership have been transferred to the recipient;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or services rendered;
- 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.

For ECD projects that are implemented over a defined construction or service delivery period, revenue is recognised by reference to the stage of completion of the project at the reporting date as confirmed by the Project Manager of the Department of Education. The stage of completion is determined using the input method, based on costs incurred to date as a proportion of the total estimated costs to complete the project. This method provides the most reliable measure of the progress of the ECD projects, given the nature of the services rendered and the underlying funding agreements.

The stage of completion is reviewed at each reporting date and adjustments are made where necessary to reflect changes in project scope, estimated costs, or delivery timelines. Any expected loss on a project is recognised immediately in surplus or deficit.
This approach ensures that revenue recognition reflects the transfer of economic benefits and the fulfilment of contractual obligations in accordance with the performance obligations under each ECD agreement.

15. REVENUE FORM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 Restated R
Service in Kind - Refer to Note 25 for details	1 461 386	589 089
Government Grant	75 222 880	70 371 000
Comprehensive Rural Development Programme	2 354 220	3 000 000
National Youth Service	3 923 700	5 000 000
	82 962 186	**78 960 089**

16. PERSONNEL

	2025 R	2024 Restated R
Basic	46 030 557	44 627 861
Car allowance	1 840 017	1 462 636
Leave paid	665 595	756 734
Overtime	762 313	1 159 698
Acting allowance and added responsibility	1 302 299	2 690 446
Backpay	1 662 130	2 764 588
Phone, housing and shift allowances	529 550	518 700
Pension fund	2 222 320	2 115 121
Provident fund	3 432 927	2 801 422
UIF - Company contribution	248 646	298 001
Skills Development Levy - Company contribution	484 179	499 959
Long-Service awards	53 000	303 249
	59 233 533	**59 998 415**

INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS -

PAYE	9 650 233	11 466 638
UIF (employee contribution)	248 647	298 002
Pension fund (employee contribution)	925 433	896 745
Provident fund (employee contribution)	1 450 877	1 187 715
Medical Aid (employee contribution)	865 383	780 214
	13 140 573	**14 629 314**

17. ADMINISTRATIVE EXPENDITURE

Rates and Taxes	2 002 794	2 036 375
Communication	831 401	4 110 015
Insurance	882 412	809 311
Motor fleet	1 295 460	1 067 224
Leases	745 070	826 056
Security	4 004 145	3 927 450
Printing and stationery	525 305	400 863
Repairs and maintenance	56 042	139 029
Other administrative	960 977	639 199
	11 303 606	**13 955 522**

18. DEBT IMPAIRMENT

Debt Impairment	2 305 228	1 338 932

19. OPERATING EXPENSES

	2025 R	2024 Restated R
Auditors remuneration	9 289 360	6 447 009
Bank charges	279 592	280 044
Professional fees	2 990 722	1 585 715
Food and beverage	1 058 954	703 019
Accommodation	562 414	684 261
Skills development training	52 786	157 253
Marketing	277 084	167 973
Pest control	7 937	34 830
Work placement	144 108	260 235
Printing and stationery	180 044	1 212 570
Learner protective clothing	695 047	680 710
Training material	1 299 473	6 843 973
Subsistence and Travel	2 190 759	2 520 965
Hotel rates, water, and electricity	1 438 846	1 116 857
Stipends	6 005 110	3 270 734
Staff appointment and recruitment	1 188 761	364 292
Learner toolboxes	4 037	4 892
Production - Construction	3 791 814	2 956 854
Training centres and Hotel repairs and maintenance	457 580	489 316
Directors expenses	5 000 368	5 166 775
Hotel Security	1085 199	1 074 299
Hotel operating expenses	1 848 387	1 723 008
Training centre operating expenses	26 496	9 935
Corporate services operating expenses	1 081 745	447 186
	40 956 623	**38 202 705**

20. AUDITOR'S REMUNERATION

External audit fees	8 378 849	5 957 757
Internal audit fees	910 511	489 252
	9 289 360	**6 447 009**

21. 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.

22. CASH (USED IN) GENERATED FROM OPERATIONS

	2025 R	2024 Restated R
Deficit	(20 356 826)	(9 656 517)
Adjustments for:		
Depreciation and amortisation	10 280 867	8 073 578
Loss on disposal of assets	564 407	-
Profit / Loss in sale of assets	-	144 994
Debt impairment	2 305 228	1 338 932
Movements in provisions	(15 470)	(110 405)
Other Non-cash	(79 556)	(101 465)
Revenue service in kind	(1 461 386)	(589 089)
Employee cost service in kind	1 461 386	589 089
Changes in working capital:		
Inventories	80 860	(19 293)
Receivables from exchange transactions	(2 315 862)	2 717 895
Receivables from non-exchange transactions	(355 130)	(822 000)
Payables from exchange transactions	7 863 449	(264 442)
	(2 028 033)	**1 522 087**

23. COMMITMENTS

APPROVED AUTHORISED COMMITMENTS

Commitments	15 817 111	4 400 968

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

CONTRACTED SERVICES - AS AND WHEN REQUIRED BASIS

The Mpumalanga Regional Training Trust (MRTT) has entered into service-level agreements with various service providers for the supply of goods and services on an as and when required basis. These contracts have been concluded following a competitive procurement process and are valid for a fixed period of three (3) years from the date of commencement.

The purpose of these contracts is to ensure the continuous availability of essential operational support services and materials to facilitate MRTT's core training and administrative activities. These contracts do not constitute fixed or guaranteed purchase volumes but rather provide a mechanism for procurement when the need arises. As such, no specific future financial obligations can be precisely quantified at the reporting date.

The categories of services contracted under this arrangement include the following:

NATURE OF COMMITMENT	TERM
Stationery and Printing	3 years
Electrical, Plumbing and Painting	3 years
Personal Protective Equipment (PPE)	3 years
Laundry Services	3 years
Cleaning Chemicals	3 years
Fresh Produce Supply	3 years

23. COMMITMENTS (CONTINUED)

Although these contracts are binding for the duration of the specified term, MRTT is only obligated to procure services as required. Therefore, the actual financial commitment cannot be determined with certainty as it will depend on operational needs throughout the contract period.

These arrangements ensure that MRTT maintains operational readiness and service delivery efficiency while exercising cost control and compliance with procurement prescripts.

24. RELATED PARTIES

RELATIONSHIPS

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

RELATED PARTY BALANCES

	2025 R	2024 Restated R
INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL		
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd	11 151 893	11 151 893
Impairment of the balance - 100%	(11 151 893)	(11 151 893)
RECEIVABLES WITH RELATED PARTIES - MPUMALANGA DEPARTMENT OF EDUCATION		
Mpumalanga Department of Education	7 958 743	7 558 772
Impairment of the balance	(1 236 450)	(992 587)
PAYABLES WITH RELATIES PARTIES		
Mpumalanga Innovation and Skills Hub	28 242 010	24 044 201

RELATED PARTY TRANSACTIONS

	2025 R	2024 Restated R
RELATED PARTY TRANSACTIONS		
Mpumalanga Department of Education	5 689 820	24 831 762
Mpumalanga Department of Education - MRTT allocation	81 500 800	78 371 000
Mpumalanga Department of Education - MISH allocation	5 493 180	7 000 000
PAYMENTS MADE BY DEPARTMENT - SERVICES IN KIND PAYMENTS		
Services in kind payments	(1 461 386)	(589 089)
SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION		
Services in kind	1 461 386	589 089

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE : 2025	Sitting fees R	Preperation fees R	Subsidence and Travel R	Cell phone and data allowance R	Total R
PP Maoko - *Chairperson of the Board of Directors*	344 648	317 833	72 616	24 000	759 097
LM Motshwane	306 726	325 038	36 609	18 000	686 373
TR Mokgoshi	264 330	280 350	26 224	18 000	588 904
B Sibanyoni	257 868	266 760	30 130	18 000	572 758
MI Tibane	471 276	471 276	92 600	18 000	1 053 152
HH Nkanyane	245 305	269 335	65 681	18 000	598 321
D Dlamini (*Audit Committee Chairperson - Term commenced 1 April 2023)*	220 536	224 982	14 031	15 500	475 049
N Madiba (*Risk Management Committee Chairperson)*	80 028	80 028	22 265	18 000	200 321
	2 190 717	**2 235 602**	**360 156**	**147 500**	**4 933 975**

EXECUTIVE: 2024	Sitting fees R	Preperation fees R	Subsidence and Travel R	Cell phone and data allowance R	Total R
PP Maoko - *(Chairperson of the Board of Directors)*	457 895	301 672	49 980	12 000	821 547
LM Motshwane	280 702	229 900	11 183	6 000	527 785
TR Mokgoshi	268 335	220 275	5 748	6 000	500 358
B Sibanyoni	420 047	346 906	21 188	6 000	794 141
MI Tibane	478 404	345 024	26 449	6 000	855 877
HH Nkanyane	367 219	316 395	27 893	6 000	717 507
D Dlamini (*Audit Committee Chairperson - Term commenced 1 April 2023)*	208 962	164 502	5 982	6 000	385 446
N Madiba (*Risk Management Committee Chairperson)*	102 906	67 798	4 797	6 000	181 501
R Tshimomola (*Audit Committee Chairperson - Term ended 31 March 2023)*	8 892	-	8 376	-	17 268
B Singwane (*Term ended August 2023)*	36 045	32 040	3 744	2 500	74 329
	2 629 407	**2 024 512**	**165 340**	**56 500**	**4 875 759**

* The Audit Committee Chairperson and the Risk Management Committee Chairperson are critical to the governance and oversight of Mpumalanga Regional Training Trust (MRTT). While these individuals are not registered as directors with the Companies and Intellectual Property Commission (CIPC), their roles and responsibilities are significant. The individuals who chair these committees are highly qualified and bring substantial expertise to their respective roles.

The remuneration received by the Audit Committee Chairperson and the Risk Management Committee Chairperson is disclosed in the financial statements to provide transparency. Their remuneration reflects the responsibilities and time commitment required for their roles.

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

AUDIT COMMITTEE CHAIRPERSON

The Audit Committee Chairperson oversees the Audit Committee, providing leadership and guidance on matters of financial reporting, internal controls, and compliance. However, it is important to note that the Audit Committee Chairperson is not registered as a director of MRTT with the Companies and Intellectual Property Commission (CIPC).

RISK MANAGEMENT COMMITTEE CHAIRPERSON

The Risk Management Committee Chairperson is responsible for the effective operation of the Risk Management Committee, which monitors and advises on the organization's risk management framework and practices. Similarly, the Risk Management Committee Chairperson is not registered as a director of MRTT with the Companies and Intellectual Property Commission (CIPC).

This disclosure is made to ensure transparency in our governance practices and to clarify the roles and positions of key committee chairpersons within MRTT.

EXECUTIVE MANAGEMENT: 2025	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela *(Acting Chief Executive Officer)*	696 194	113 577	40 601	850 372
MG Jafta *(Chief Financial Officer)*	1 618 199	24 365	187 865	1 830 429
B Hlatshwayo *(Acting Chief Financial Officer)*	881 967	231 893	103 359	1 217 219
G Silaule (*General Manager Technical Training Operations)*	1092 611	24 963	127 538	1 245 112
E Mkhabela (*Acting General Manager Hospitality and Tourism Academy)*	637 693	425 623	103 602	1 166 918
	4 926 664	**820 421**	**562 965**	**6 310 050**

EXECUTIVE MANAGEMENT: 2024	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela *(Acting Chief Executive Officer - Appointed 1 September 2023)*	-	252 418	1 771	254 189
FW Magwandana -*(Acting Chief Executive Officer - Resigned 30 August 2023)*	482 151	333 136	83 651	898 938
MG Jafta *(Chief Financial Officer)*	1 492 143	134 545	256 553	1 883 241
B Hlatshwayo (*Acting Chief Financial Officer - Appointed 16 January 2024)*	910 819	186 925	141 763	1 239 507
G Silaule *(General Manager Technical Training Operations)*	173 311	3 064	30 014	206 389
ZL Khoza *(Acting General Manager Technical Training Operations - Acting terminated 31 January 2024)*	1 112 846	248 520	192 419	1 553 785
E Mkhabela (*Acting General Manager Hospitality and Tourism Academy)*	593 529	388 541	142 093	1 124 163
S SHungube (*Acting General Manager Corporate Services - Resigned 30 August 2023)*	151 727	358 722	27 072	537 521
	4 916 526	**1 905 871**	**875 336**	**7 697 733**

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

* Mr CD Maebela has been appointed as the Acting Chief Executive Officer for MRTT effective from 1 September 2023. He was a permanent employee of the Mpumalanga Department of Education and was seconded to the role of Acting CEO for MRTT up to 30 November 2024. Mr Maebela was appointed to be the General Manager Corporate Services at MRTT from 30 November 2024. The amount reflected above is acting allowance that the hereceived from MRTT from April 2024 to 30 November 2024 as well as Acting allowance to be the ACEO of MRTT and the remuneration of General Manager Corporate Services from 1 December 2024 to 31 March 2025.

Mr T Nkambule is a permanent employee of the Mpumalanga Department of Education and was seconded to be the Acting SCM Manager for MRTT from 1 April 2024.

The amount recorded and disclosed is the total gross amount that the officials earned from the Department of Education for the duration of teh secondment for the year ended 31 March 2025.

26. PRIOR PERIOD ERRORS

PRIOR PERIOD ERROR - INCORRECT APPLICATION OF REMAINING USEFUL LIFE TO PPE

During the current financial year, management identified a prior period error in the application of the remaining useful life (RUL) assessment on Property, Plant, and Equipment (PPE). In prior reporting periods, the RUL was applied at the asset class level rather than being based on individual condition assessments of each asset, as required by GRAP 17 - Property, Plant and Equipment. This resulted in an improper extension of RUL with impact on depreciation charge and misstatement of the carrying amounts of certain assets within the PPE classes.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected retrospectively. The financial statements for the prior year have been restated to reflect the correct depreciation and carrying amounts based on revised individual asset assessments.

The cumulative effect of the error correction as at 1 April 2024 was a increase of R319 561 in accumulated depreciation and a corresponding decrease in the carrying amount of PPE. The correction resulted in a net increase of R319 561 in the opening balance of accumulated surplus/(deficit) for the comparative year ended 31 March 2024. Comparative figures have been restated accordingly. The knock on effect is that depreciation charge of 2024 increased by R1 546 803 and accumulated depreciation on disposed assets of R3441.

The entity has strengthened its asset management and condition assessment procedures to ensure compliance with GRAP 17 going forward. The revised process includes periodic physical inspections and the implementation of an asset-specific useful life estimation methodology aligned with current condition and usage patterns.

Management of the entity engaged on a 100% physical verification of all assets of the entity which included conditional assessment of assets and the results / impact of the exercise.

PRIOR PERIOD ERROR - OMISSION OF DONATED BUILDING ASSETS FROM THE FAR

During the current financial year, management identified a prior period error relating to the omission of donated building assets from the Fixed Asset Register (FAR) in the 2022/2023 financial year. These buildings, with a fair value of R6,445,000 at the date of donation, were received and brought into use during the prior period but were not recognised as additions to Property, Plant, and Equipment (PPE) in either the FAR or the financial statements. This resulted in an understatement of PPE and accumulated surplus as at 31 March 2023.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected retrospectively. The prior year's financial statements have been restated to include the donated building assets as at the date of acquisition. The effect of the correction is an increase of R6,445,000 in the carrying amount of PPE and a corresponding increase in the accumulated surplus as at 31 March 2023. Comparative figures have been restated accordingly and are detailed in note 1 to the financial statements.

The entity has subsequently improved controls over asset recognition processes, particularly in relation to donated assets, to ensure that all such transactions are promptly and accurately recorded in the FAR and financial statements in accordance with GRAP 17 - Property, Plant and Equipment.

26. PRIOR PERIOD ERRORS (CONTINUED)

	2025 R	2024 Restated R

PRIOR PERIOD ERROR - OMISSION OF ASSETS IDENTIFIED DURING ANNUAL VERIFICATION

During the 2023/2024 financial year, the entity conducted its annual asset verification process, which led to the identification of several assets physically in use but not previously recorded in the Fixed Asset Register (FAR) or recognised in the financial statements. These assets had been omitted in prior reporting periods, resulting in an understatement of Property, Plant, and Equipment (PPE) and the accumulated surplus. The net book value of the assets identified and recognised amounts to R554 997.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the omission has been corrected retrospectively. The assets were added to the FAR and valued appropriately in line with GRAP 17 - Property, Plant and Equipment. As a result, the opening balance of PPE as at 1 April 2023 increased by R554 997, with a corresponding increase in the accumulated surplus. Comparative figures for the prior year have been restated to reflect this correction and are disclosed in note 1 to the financial statements.

To prevent recurrence of such omissions, the entity has strengthened its asset management procedures, including enhancing physical verification protocols, improving asset tagging practices, and introducing more robust reconciliation controls between asset records and physical inventory.

STATEMENT OF FINANCIAL POSITION

	2025 R	2024 Restated R
Property, plant and equipment (Review of RUL)	-	(319 561)
Property, plant and equipment (Gain on assets found)	-	554 997
Property, plant and equipment (Accumulated depreciation on disposals)	-	3 441
Opening Accumulated surplus	-	(1 307 926)
Change in Accumulated surplus (2024)	-	(1 546 803)
Revaluation reserve	-	(6 445 000)
Property Plant and equipment	-	6 445 000
Payables	-	(8 100 000)
Accumulated surplus- (MISH)	-	8 100 000

STATEMENT OF FINANCIAL PERFORMANCE

	2025 R	2024 Restated R
Depreciation Expense		1 546 803

27. RISK MANAGEMENT

	2025 R	2024 Restated R

LIQUIDITY RISK

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

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

AT 31 MARCH 2025	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	37 790 021	-	-	-

27. RISK MANAGEMENT (CONTINUED)

	2025 R	2024 Restated R

AT 31 MARCH 2024	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	29 926 572	-	-	-

CREDIT RISK

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

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

FINANCIAL INSTRUMENT

Cash and cash equivalents (at fair value)	5 826 958	8 333 473
Receivables		
- Current	1 755 373	6 582 131
- 60 days	498 537	1 283 762
- 90 - 120 days	8 366 659	62 274
+ 150 days	14 206 190	14 128 944
Total receivables from exchange and non exchange transactions (at amortised cost)	23 649 629	21 333 767
Total receivables from non exchange transactions	1 177 130	822 000
Inter-company account - Royal Hotel	11 151 893	11 151 893

The Inter Company account- Royal Hotel stated above for an amount of R11 151 893 is fully impaired at 100% as the Royal Hotel (a Subsidiary of MRTT) is under going a liquidation process and there are very low to no prospects of recovering the amount. The Royal Hotel has been assessed to be a non-going concern due to financial challenges mainly caused by the effects of COVID 19 as the Hotel relied on over 95% guests from overseas. The amount has been outstanding for more that 180 days.

MARKET RISK

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

PRICE RISK

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

28. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated deficit of R 33 184 278 and that the entity's current liabilities exceed its current assets by R 30 068 486. The total assets however exceed the liabilities by R69 456 112 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2024 and March 2025 for the year under review to the tune of R20 000 000, the entity has losses for 2 consecutive years (2024 - 8 923 361 and 2025 - R17 374 066).

The indicatorsabove 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 (2026 - 2028)by the Department of Education and signed by the Head Official of the Department of Education.

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2025/26 as well as the 5 year Strategic Plan 2026 - 2030.

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 continously is allocated the grant funding by the Mpumalanga Department of Education and that will remain in force for so long as it takes to restore the solvency of the entity.

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

29. FRUITLESS AND WASTEFUL EXPENDITURE

	2025 R	2024 Restated R
Fruitless and Wasteful expenditure	197 938	414 817

In the prior year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS. The determination test is in progress.

During the financial year ended 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) incurred interest and penalties relating to outstanding audit fees payable to the Auditor-General of South Africa (AGSA). The expenditure arose as a result of delayed payments for year audit invoices.

In an effort to regularize the situation, MRTT entered into a formal payment arrangement with AGSA, which stipulated that if MRTT complies with the agreed payment terms, all interest and penalties charged would be reversed. The payment arrangement was effective during the financial year and concluded at the end of April 2025, which is after the reporting date.

As at 31 March 2025, MRTT had complied fully with the agreed-upon payment schedule. However, written confirmation from AGSA indicating the reversal of interest and penalties had not yet been received by the reporting date. As a result, and in line with the principle of prudence, the full amount of interest and penalties charged to date has been disclosed as fruitless and wasteful expenditure pending official confirmation of the write-off.

Management remains confident that the terms of the arrangement have been met and that AGSA will honor the commitment to reverse the charges. The matter is being followed up, and any adjustments required will be accounted for in the subsequent reporting period.

30. IRREGULAR EXPEDITURE

	2025 R	2024 Restated R
Irregular Expenditure - current year	16 331 561	8 971 467

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

	DISCIPLINARY STEPS TAKEN/CRIMINAL PROCEEDINGS	
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 MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals, and training was not disturbed.	1 514 187
Incident 2	Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016-17	410 348
Incident 3	Extension of contracts	2 012 296
Incident 4	Budget overexpenditure	1 009 591
Incident 5	Minimum of 3 quotations were not obtained	882 412
Incident 6	Payment above contracted amount	1 570 513
Incident 7	Submission of tender time not in submission register of tender	1 771 713
Incident 8	Not using PPR 22 for 2024-25 transactions	7 160 501
		16 331 561

31. SEGMENT INFORMATION

GENERAL INFORMATION

IDENTIFICATION OF SEGEMENTS

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

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

The segments are geographically located in the Mpumalanga province. The Hospitality and Tourism Academy is based in the Lowveld in Nelspruit.

The Technical Training Operations is located in Highveld in Emalahleni. The Corporate Services is located in Highveld in Emalahleni.

In accordance with GRAP 18 – Segment Reporting, an entity is required to disclose segment assets and segment liabilities if such amounts are regularly reported to the chief operating decision maker (CODM).

Mpumalanga Regional Training Trust (MRTT) did not disclose segment assets and segment liabilities in the segment report, as this information is not regularly reported or monitored internally for decision-making purposes. The entity's internal financial reporting does not disaggregate or allocate assets and liabilities to reportable segments. Accordingly, the statement of financial position is not prepared on a segmental basis.

31. SEGMENT INFORMATION (CONTINUED)

In addition, certain expenses such as depreciation and impairment of debtors have been presented on an aggregated basis in segment reporting. This is due to the fact that these items are not separately identified or allocated to specific segments in the internal management reports, and the systems currently in place do not support such desegregation.

Management has assessed that the internal reporting framework does not align with the requirements of GRAP 18 in relation to these specific disclosures, and as such, the disclosure of segment assets, segment liabilities, depreciation, and debt impairment by segment is not practicable.

TYPES OF GOODS AND/ OR SERVICES BY SEGMENT

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

REPORTABLE SEGMENT	GOODS AND/OR SERVICES
Hospitality and Tourism Academy	Skills Development in Hospitality and Tourism trades. Offers accommodation, conference facilities, food and beverage services
Technical Training Operations	Skills development in technical trades 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

2025 REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	8 946 340	74 015 846	82 962 186
Revenue from exchange transactions	6 789 406	13 053 307	907 110	20 749 823
Total segment revenue	**6 789 406**	**21 999 647**	**74 922 956**	**103 712 009**
Entity's revenue				**103 712 009**
EXPENDITURE				
Administration	-	-	11 303 606	11 303 606
Operating expenses	7 708 212	11 226 031	22 022 376	40 956 619
Personnel	12 354 144	23 299 687	23 579 702	59 233 533
Total segment expenditure	**20 062 356**	**34 525 718**	**56 905 684**	**111 493 758**
Total segment deficit	(13 272 950)	(12 526 071)	18 017 272	(7 781 749)
Total segmental deficit				**(7 781 749)**
Debt impairment				2 305 228
Depreciation and amortisation				10 280 867
Entity's surplus (deficit) for the period				**20 356 826**

31. SEGMENT INFORMATION (CONTINUED)

2024 REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	11 400 000	67 560 089	78 960 089
Revenue from exchange transactions	3 392 879	28 268 593	1 276 228	32 937 700
Total segment revenue	**3 392 879**	**39 668 593**	**68 836 317**	**111 897 789**
Entity's revenue				**111 897 789**

EXPENDITURE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Administration	-	-	13 955 518	13 955 518
Operating expenses	6 370 464	15 809 563	16 022 678	38 202 705
Personnel	11 754 076	24 612 255	23 632 084	59 998 415
Total segment expenditure	**18 124 540**	**40 421 818**	**53 610 280**	**112 156 638**
Total segment deficit	(14 731 661)	(753 225)	15 226 037	(258 849)
Total segmental deficit				**-**
Debt impairment				1 338 932
Depreciation and amortisation				8 073 578
Entity's surplus (deficit) for the period				**9 656 517**

For the year ended 31 March 2025, an interest expense amounting to R197,938 is included under Corporate Services – Operating Expenditure. This amount relates to interest charged by the Auditor-General of South Africa (AGSA) for late payment of audit fees. However, a settlement agreement was reached with AGSA during the financial year, in terms of which the outstanding amount was settled within the agreed terms and conditions. Management is currently awaiting formal confirmation from AGSA to write off the related interest expense.

In the prior financial year (2024), an interest expense of R414,817 was incurred and recognised under Corporate Services – Personnel Expenditure, relating to late payment of SARS obligations.

MEASUREMENT OF SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

BASIS OF ACCOUNTING FOR TRANSACTIONS BETWEEN REPORTABLE SEGMENTS

In accordance with the requirements of GRAP 18: Segment Reporting, MRTT has considered its operations for the purpose of segment reporting. The basis of segmentation is aligned to the entity's mandate, strategic objectives, and organisational structure, and is intended to reflect the internal reporting used by management in assessing performance and allocating resources.

Basis of Measurement:

The financial information for each segment is prepared in accordance with the accounting policies adopted for preparing the annual financial statements. This includes the recognition and measurement criteria as prescribed by the Standards of GRAP.

All segment revenues and expenditures are measured on the accrual basis of accounting. The same measurement basis is used across all segments to ensure comparability. The information presented in each segment is based on the Trial Balance and General Ledger as derived from the organisation's accounting system, where applicable.

31. SEGMENT INFORMATION (CONTINUED)

Measure of Surplus or Deficit for Each Segment:

The measure of surplus or deficit reported to management for decision-making purposes is based on the net result of segment revenue less segment expenditure. This includes:

Depreciation, amortisation debt impairmentis not allocated to segments due to entity limitation.

Reportable Segments:

Based on the internal structure and activities of MRTT, the following reportable segments were considered:

- Hospitality and Tourism Academy (HTA) – Skills Development in Hospitality and Tourism trades. Offers accommodation, conference facilities, food and beverage services
- Technical Training Operations (TTO) – 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, ICT

Due to limitations in financial systems and management reporting structures, MRTT is currently not able to present full segment financial information as prescribed by GRAP 18. This includes the inability to disaggregate segment depreciation, debt impairment, assets, and liabilities in a manner consistent with GRAP 18.

32. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The budget is approved on a accrual basis. The approved budget covers the fiscal period from 1 April 2024 to 31 March 2025.

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 2025 is presented in page 11. The financial statements and budget documents are prepared for the same period.

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

32.1 The unfavourable variance is caused by the fact that the entity had less projects than anticipated / planned during the period under review

32.2 There is no variance as budget amount was invoiced in full from the Department of Education and there was an adjustment to the allocation of R20 million. The R20 million budget adjustment was received to assist with budget pressures that the entity was facing in the mid-term. The adjustment assisted the entity to be able to settle commitments up the end of the financial year.

Included in the government grant in the statement of budget and actual includes the budgeted amount of R5 493 000 for MISH. The amount is included in the MRTT budget as the MRTT budget was approved inclusive of MISH allocation as MISH operationally was created to be programme 4 under MRTT for the period under review.

32.3 The favourable variance is due to the budget adjustment by the DoE in December 2024 for an amount of R20 million.

32.4 The unfavourable variance is due to the fact that there was more expenditure in relation to the various projects that the entity undertook in the year under review and the budget adjustment was not sufficient to avoid the over expenditure.

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

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REPORT OF THE AUDITOR - GENERAL

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS

1. I have audited the consolidated and separate financial statements of the Mpumalanga Regional Training Trust and its subsidiaries (the group) set out on pages 123 to 169, which comprise the consolidated and separate statement of financial position as at 31 March 2025, the consolidated and separate statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mpumalanga Regional Training Trust Group as at 31 March 2025 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

PROPERTY PLANT AND EQUIPMENT

3. The entity did not account for property plant and equipment in accordance with the standards of GRAP 17 property, plan, and equipment. This is due to errors in calculation of depreciation and accumulated depreciation. I was unable to determine the full extent of understatement on property, plant and equipment and overstatement in depreciation as disclosed in note 6 to the consolidated and separate financial statements respectively, as it was impractical to do so. Consequently, I was unable to determine if any adjustment was necessary to property, plant and equipment stated at R108,8 million (2023-24: R119,1 million) and R99,5 million (2023-24:R109,7 million) as well as depreciation stated at R10,3 million (2023-24: R8,1 million) and R10,2 million (2023-24:R7,9 million) in the consolidated and separate financial statements respectively. There was also an impact on the revaluation reserve, surplus for the period and on the accumulated surplus as well as the prior period error note as disclosed in note 29 to the consolidated and separate financial statements.

STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNT

4. The statement of comparison of budget and actual amounts was not correctly prepared and disclosed as required Standards of GRAP 24, *Presentation of budget information in financial statement*. This was due to the statement not being prepared on the comparable basis. I was unable to determine the full extent of the errors in the consolidated and separate statement of comparison budget and actual amount as it was practical to do so.

IRREGULAR EXPENDITURE

5. Not all irregular expenditure was included in note 20 to the consolidated and separate financial statements respectively, as required by section 55(2)(b)(i)of the PFMA. Expenditure was incurred in contravention of section 53(4) of the PFMA requirements, resulting in irregular expenditure. Consequently, I was unable to determine the full extent of the understatement to irregular expenditure stated at R16,3 million in note 20 to the consolidated and separate financial statements as it was impractical to do so.

STATEMENT OF CHANGES IN NET ASSETS

6. The statement of changes in net assets was not correctly prepared and disclosed as required Standards of GRAP 1, Presentation of financial statements. This was due to multiple errors noted in the statement of changes in net assets. I was unable to determine the full extent of the errors in the consolidated and separate statement of changes in net assets as it was impractical to do so.

CONTEXT FOR OPINION

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

8. I am independent of the public 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.

9. 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

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

11. I draw attention on note 28 to the consolidated and separate financial statements of Mpumalanga Regional Training Trust which indicates that as at 31 March 2025, the public entity had an accumulated deficit of R33,2 million and that the public entity's current liabilities exceed its current assets by R30,1 million. As stated in note 28, these events or conditions, along with other matters as stated 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.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS - RECEIVABLES

13. As disclosed in note 9 to the consolidated and separate financial statements, a material impairment of R17,6 million (2023-24: R15,5 million were incurred as a result of the impairment provision of the receivables from exchange transactions.

MATERIAL IMPAIRMENTS - INTERCOMPANY ACCOUNT

14. As disclosed in note 30 to the consolidated and separate financial statements, a material impairment of R11,2 million (2023-24: R11,2 million) were incurred as a result of the impairment provision of the intercompany loan.

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

15. 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 GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

16. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public 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 public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17. 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.

18. 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. This description, which is located at page 118 forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

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

20. I selected the following material performance indicators related to Technical Training Operations, Hospitality and Tourism Academy and Mpumalanga Skills and Innovation Hub presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - POI 101: Number of learners to Receive training in SAQA-registered learning programmes in culinary studies
    - POI 102: Number of learners to receive training in SAQA-registered learning programmes in hospitality studies
    - POI 103: Number of learners to receive customized training
    - POI 104: Number of learners receiving coaching and mentoring in the workplace
    - POI 105: Number of learners receiving coaching and mentoring in the workplace (culinary)
    - POI 106: Number of learners receiving coaching and mentoring in the workplace (hospitality studies)
    - POI 201: Number of learners to receive accredited or customised institutional training and continuing

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- POI 201: Number of learners to receive accredited or customised institutional training and continuing
- POI 202: Number of candidates on RPL and trade testing
- POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development
- POI 204: Number of learners targeted for workplace opportunities and incubation programme
- POI 205: Number of learners receiving accredited training through skills programmes
- POI 206: Number of learners receiving workplace training through secured projects
- POI 207: Number of projects secured
- POI 401: Number of information communication technology training for out of school youth coordinated

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

22. I performed procedures to test whether:

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

23. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

24. The material findings on the reported performance information for the selected material indicators are as follows:

POI 201: NUMBER OF LEARNERS TO RECEIVE ACCREDITED OR CUSTOMISED INSTITUTIONAL TRAINING AND CONTINUING

25. The indicator in the annual performance report differed from what was committed to in the approved initial and revised planning documents. The reported indicator was number of learners to receive accredited or customised institutional training and continuing while the planned indicator was number of learners trained in full qualification and skills programme. This change was made without obtaining the required approval, which undermines transparency and accountability.

POI 203: NUMBER OF LEARNERS TRAINED THROUGH SECURED FUNDING IN SKILLS PROGRAMMES; LEARNERSHIP AND APPRENTICECHIPS TOWARD ARTISAN DEVELOPMENT

26. The indicator in the annual performance report differed from what was committed to in the approved initial and revised planning documents. The reported indicator was number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development while the planned indicator was number of learners trained through artisan development. This change was made without obtaining the required approval, which undermines transparency and accountability.

VARIOUS INDICATORS

27. Based on audit evidence, the actual achievements for two indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under-achievements on the targets were more than reported and the achievements against the targets were lower than reported.

INDICATOR	TARGET	REPORTED ACHIEVEMENT
POI 203: Number of learners trained through secured funding in skills programmes; learnership and apprenticeships towards artisan development	100 learners	133 learners
POI 204: Number of learners targeted for workplace opportunities and indubation programme	40 learners	42 learners
POI 206: Number of learners receiving training through secured projects	40 learners	70 learners
POI 207: Number of projects secured	3 projects	3 projects

POI 401: NUMBER OF INFORMATION COMMUNICATION TECHNOLOGY TRAINING FOR OUT OF SCHOOL YOUTH COORDINATED

28. An achievement of one training conducted was reported against a target of one training to be conducted. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

ACHIEVEMENT OF PLANNED TARGETS

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

30. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 20 to 29.

HOSPITALITY AND TOURISM ACADEMY

Targets achieved: 75%

Budget spent: Not indicated for each indicator.

KEY INDICATOR NOT ACHIEVED	TARGET	REPORTED ACHIEVEMENT
POI 102: Number of learners to receive training in SAQA registered learning programmes in hospitality studies	20 learners	15 learners

TECHNICAL TRAINING OPERATIONS

Targets achieved: 95%

Budget spent: Not indicated for each indicator.

KEY INDICATOR NOT ACHIEVED	TARGET	REPORTED ACHIEVEMENT
POI 205: Number of learners receiving training through skills programmes	40 learners	38 learners

MATERIAL MISSTATEMENTS

31. II identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for technical training operations, hospitality and tourism academy and mpumalanga skills and innovation hub. Management did not correct all of te misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

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

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

36. The consolidated and separate financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) and (b) of the PFMA.

37. Material misstatements of liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected and/or the supporting records were provided, but the uncorrected material misstatements resulted in the consolidated and separate financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

38. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the value disclosed in note 20 of the financial statements does not reflect the full extent of the irregular expenditure incurred/full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management provisions.

39. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 20 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by late payment of supplier invoices.

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

REVENUE MANAGEMENT

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

CONSEQUENCES MANAGEMENT

42. I was unable to obtain suffcient appropriate audit evidence that disciplinary steps were taken against offcials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

43. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. this was because investigations into fruitless and wasteful expenditure wer not performed.

PROCUREMENT AND CONTRACT MANAGEMENT

44. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022. This non-compliance was identified in the procurement processes for the quotations.

45. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 56 of the PFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

49. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there are misstatements contained therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and issue an amended report as appropriate. If the other information is corrected, however, this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

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

52. Management did not implement adequate daily and monthly processes for recording transactions. In addition, management did not properly review the financial statements and related supporting documentation to ensure that the financial statements were prepared in accordance with the applicable financial reporting framework. This was evidenced by material misstatements identified in the annual financial statements submitted for audit.

53. Management was ineffective in implementing the audit action plan to address significant internal control deficiencies and prevent findings from recurring.

54. Management did not implement proper record-keeping to ensure that complete, relevant and accurate information is readily accessible and available to support financial and performance reporting. Additionally, management did not adequately review the annual performance report and related supporting schedule to confirm accuracy and completeness of reports information.

55. Management did not ensure that the public entity has adequate monitoring controls to ensure that the public entity complies with all its applicable laws and regulations applicable to it.

MATERIAL IRREGULARITIES

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

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

OVERPAYMENTS MADE ON COVID-19 PROCUREMENT

57. The accounting authority did not ensure that the public entity complies with PFMA section 51(1)(a)(i) which states that an accounting authority for a public entity must ensure that the public entity has and maintains- effective, efficient and transparent systems of financial and risk management and internal control.

58. The public entity did not maintain an effective and efficient system of internal control as the requirements of paragraph 3.1 of the National Treasury Instruction No.5 of 2021: Emergency procurement in response to a national state of disaster were not implemented by the entity. As a result, overpayments were made to various service providers on the procurement of COVID-19 related supplies by the public entity. The overpayments are likely to result in a material financial loss for the public entity if the money is not recovered.

59. The accounting authority was notified of the material irregularity on 15 December 2021. The following actions have been taken or are planned to address the material irregularity:

60. In September 2023, a preliminary investigation into the material irregularity was completed by a forensic audit firm. The report recommended further investigation due to the seriousness of the findings and the need to quantify the financial loss suffered by MRTT.

61. In November 2024, the SIU finalised a preliminary report on COVID-19 expenditure under a presidential proclamation, identifying two officials responsible for the material irregularity. In February 2025, a charge sheet was issued against one of them, and in April 2025, disciplinary action was initiated against the official, which remains ongoing. As at 31 July 2025, the SIU's investigation into the second official is still in progress. The accounting authority intends to act base on the investigation's outcome, with all related processes expected to conclude by 30 September 2025.

62. In January 2025, an Economising Committee was established to strengthen internal controls over quotation-based procurement. The committee advises on pricing, quality, and the legitimacy of goods and services procured. No pricing concerns were identified through audit procedures during the year under review.

63. In June 2025, a service provider was appointed to quantify the financial loss suffered. The process is ongoing and is planned for completion by October 2025.

Auditor - General

Mbombela

07 August 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

MRTT

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the consolidated and 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate 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 public entity and its consolidated and separate subsidiaries 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 consolidated and separate 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 the entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

MRTT

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

The members 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 2026 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.

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 4.

The annual financial statements set out on pages 8 to 52, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2025 and were signed on its behalf by:

PP Maoko

Chairperson of the Board of Directors

Date: 31 July 2025

CD Maebela

Acting Chief Executive Officer - *ex-offcio*

Date: 31 July 2025

MRTT

MPUMALANGA REGIONAL TRAINING TRUST
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

GENERAL INFORMATION

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

MRTT

ACCOUNTING AUTHORITY'S REPORT

The accounting authority has pleasure in presenting its report for the year ended 31 March 2025

1. REVIEW OF ACTIVITIES

MAIN BUSINESSES AND OPERATIONS OF THE CONSOLIDATED AFS (MRTT AND MISH)

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 2025:(16 096 347)

Deficit 2024:(4 435 098)

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. 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.

4. DIRECTORS' INTEREST IN CONTRACTS

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

5. DIRECTORS

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

- PP Maoko - Chairperson of the Board of Directors
- LM Motshwane
- TR Mokgoshi
- B Sibanyoni
- MITibane
- HH Nkanyane
- LH Moyane - Head Official :Provincial Department of Education - ex-officio
- D Dlamini (Audit Committee Chairperson) *(Invited to Board meetings as and when required)
- N Madiba (Risk Management Committee Chairperson) * (Invited to Board meetings as and when required)
- CDMaebela - Acting Chief Executive Officer - ex-officio

6. SECRETARY

The secretary of the company during the year was NK Mametja.

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

7. AUDITORS

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2025

		GROUP		COMPANY	
		2025	2024 Restated	2025	2024 Restated
	Note(s)	R	R	R	R
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	108 821 105	119 088 507	99 524 498	109 721 571
Intangible assets	7	0	66 420	0	66 420
Investment in Subsidiary	31	0	0	100	100
		108 821 105	**119 154 927**	**99 524 598**	**109 788 091**
CURRENT ASSETS					
Cash and cash equivalents	8	5 826 958	8 333 473	5 826 958	8 333 473
Receivables from non exchange transactions	10	1 000 561	822 000	1 000 561	822 000
Receivables from exchange transactions	9	6 049 491	5 862 287	6 049 491	5 862 287
Inventories	11	187 075	267 935	187 075	267 935
		13 064 085	**15 285 695**	**13 064 085**	**15 285 695**
TOTAL ASSETS		**121 885 190**	**134 440 622**	**112 588 683**	**125 073 786**
LIABILITIES					
CURRENT LIABILITIES					
Payables from exchange transactions	12	9 500 453	5 960 844	37 790 021	29 926 572
Provisions	13	5 342 550	5 327 080	5 342 550	5 327 080
Total Liabilities		**14 843 003**	**11 287 924**	**43 132 571**	**35 253 652**
NET ASSETS					
Accumulated surplus		4 401 797	16 464 754	-33 184 278	-16 867 810
Reserves	27	102 640 390	106 687 944	102 640 390	106 687 944
		107 042 187	**123 152 698**	**69 456 112**	**89 820 134**
Total liabilities and reserves		**121 885 190**	**134 440 622**	**112 588 683**	**125 073 786**

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2025

		GROUP		COMPANY	
		2025	2024 Restated	2025	2024 Restated
	Note(s)	R	R	R	R
REVENUE					
Revenue from non-exchange transactions	1	88 455 366	85 960 089	82 962 186	78 960 089
Revenue from exchange transactions	2	20 767 813	32 952 546	20 767 813	32 952 546
Total revenue		**109 223 179**	**118 912 635**	**103 729 999**	**111 912 635**
EXPENSES					
Personnel	3	59 233 533	60 357 034	59 233 533	59 998 415
Administrative	4	11 303 606	13 955 522	11 303 606	13 955 522
Other operating expenses	5	42 125 964	39 552 146	40 956 623	38 202 705
Depreciation and amortisation expense	6 & 7	10 351 195	8 144 099	10 280 867	8 073 578
Debt impairment		2 305 228	1 338 932	2 305 228	1 338 932
Total expenses		**125 319 526**	**123 347 733**	**124 079 857**	**121 569 152**
Surplus / (Deficit) for the period		**(16 096 347)**	**(4 435 098)**	**(20 349 858)**	**(9 656 517)**

GROUP STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2025

GROUP	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 01 April 2023	**86 827 650**	**19 834 928**	**106 662 578**
Changes in net assets			
Prior period error (RUL)	23 256 753	-1 307 926	
Surplus/(Deficit) for the year	0	-4 435 098	-4 435 098
Realisation of revaluation reserve	-3 396 458	3 396 458	0
Prior period error	0	7 895 498	7 895 498
Opening balance as previously reported	**106 687 945**	**25 383 860**	**132 071 805**
Balance as at 01 April 2024	**106 687 945**	**25 383 860**	**132 071 805**
Changes in net assets			
Realisation of revaluation surplus	-4 047 554	4 047 554	0
Surplus/(Deficit) for the year	0	-16 103 315	-16 103 315
Balance as at 31 March 2025	**102 640 391**	**13 328 099**	**115 968 490**

COMPANY STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2025

COMPANY	Non-distributable Reserves R	Accumulated Surplus R	Total Equity R
Balance as at 01 April 2023	**86 827 650**	**- 8 276 317**	**78 551 333**
Changes in net assets			
Prior period error (RUL)	23 256 753	-1 307 926	
Surplus/(Deficit) for the year	0	-9 656 517	-9 656 517
Realisation of revaluation reserve	-3 396 458	3 396 458	0
Prior Period	0	-1 030 704	-1 030 704
Opening balance as previously reported	**106 687 945**	**-16 875 006**	**89 812 939**
Balance as at 01 April 2024	**106 687 945**	**-16 875 006**	**89 812 939**
Changes in net assets			
Realisation of revaluation reserve	- 4 047 554	4 047 554	0
Surplus /(Deficit) for the year	0	-20 356 826	-20 356 826
Balance as at 31 March 2025	**102 640 391**	**-33 184 278**	**69 456 113**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

		GROUP		COMPANY	
		2025	2024 Restated	2025	2024 Restated
	Note(s)	R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM STAKEHOLDERS					
Cash receipts from government entities (Transfers)		86 638 850	84 549 000	81 145 670	77 549 000
Cash receipts from own generated income		17 952 321	35 151 112	17 952 321	35 151 112
Interest received		474 673	504 485	474 673	504 485
CASH PAID TO STAKEHOLDERS					
Personnel and Suppliers		(107 093 877)	(118 682 510)	(101 497 395)	(111 692 440)
Net cash flows from operating activities	14	**(2 028 033)**	**1 522 087**	**(2 028 033)**	**1 522 087**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and intangible assets	6 & 7	(581 783)	(1 714 693)	(581 783)	(1 714 693)
Proceeds from disposal of fixed assest		-	-	-	-
Net cash flows from investing activities		**(581 783)**	**(1714 693)**	**(581 783)**	**(1 714 693)**
Net increase / (decrease) in cash and cash equivalents		**(2 506 514)**	**(202 536)**	**(2 506 514)**	**(202 536)**
Cash and cash equivalents at beginning of the year	8	8 333 473	8 536 009	8 333 473	8 536 009
Cash and cash equivalents at end of period	8	**5 826 959**	**8 333 473**	**5 826 959**	**8 333 473**

STATEMENT OF COMPARISON OF CONSOLIDATED BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2025

BUDGET ON ACCRUAL BASIS

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note(s)
RECEIPTS				
Transfers from other government entities	86 994 000	88 455 186	1 461 186	24.1 B
Revenue from exchange tranactions	22 150 000	20 749 824	(1 400 176)	24.2 B
Total receipts	**109 144 000**	**109 205 010**	**61 010**	
PAYMENTS				
Personnel	57 135 243	59 233 533	(2 098 290)	24.3 B
Goods and services	50 203 757	66 085 903	(15 882 146)	24.4 B
Capital Expenditure	1 805 000	581 783	1 223 217	24.5 B
Total payments	**109 144 000**	**125 901 219**	**(16 757 219)**	
NET RECEIPTS	**-**	**(16 696 209)**	**(16 696 209)**	

RECONCILATION

Basis difference	
Depreciation and amortisation	10 351 195
Accruals	449 561
Debt impairment	2 305 228
Provisions	485 156
Loss of disposal of assets	568 229
Actual Amount in the Statement of Financial Performance excluding the non-cash items	**2 536 840**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR COMPANY

FOR THE YEAR ENDED 31 MARCH 2025

BUDGET ON ACCRUAL BASIS

	Approved Budget R	Actual Amounts R	Difference: Budget and Actual R	Note(s)
RECEIPTS				
Transfers from other government entities	86 994 000	88 455 186	1 461 186	24.1
Revenue from exchange tranactions	22 150 000	20 749 824	(1 400 176)	24.2
Total receipts	**109 144 000**	**109 205 010**	**61 010**	
PAYMENTS				
Personnel	57 135 243	59 233 533	(2 098 290)	24.3
Goods and services	50 203 757	64 846 324	(14 642 567)	24.4
Capital Expenditure	1 805 000	581 783	1 223 217	24.5
Total payments	**109 144 000**	**124 661 640**	**(15 517 640)**	
NET RECEIPTS	**-**	**(15 456 630)**	**(15 456 630)**	

RECONCILATION

Basis difference	
Depreciation and amortisation	10 280 867
Accruals	449 561
Debt impairment	2 305 228
Provisions	485 156
Loss of disposal of assets	568 229
Impairment loss	0
Services in kind	-1 461 386
Actual Amount in the Statement of Financial Performance excluding the non-cash items	**1 367 589**

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2025

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. 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.

2.1. 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.

2.2 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.

2.3 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.

2.4 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.

2.5. 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

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

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

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

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

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

RECOGNITION

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

MEASUREMENT

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

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

SERVICES IN-KIND

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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. Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

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.

MEASUREMENT

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

SALE OF GOODS

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

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

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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

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

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

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

2.6 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 postemployment 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.

2.7 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised however the contingencies are disclosed in note . 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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	10 - 30 years
Motor vehicles	15 years
Office equipment	20 - 30 years
Office furniture	20 - 30 years
Domestic equipment	20 - 30 years
Computer equipment	10 - 20 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

2.12. 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 - 6 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.

2.13. 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.

2.14. 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

2.15. 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.

2.16. 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 expensed on a straight-line basis over the term of the lease.

2.17 RELATED PARTY TRANSACTIONS

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

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

(a) control the other party, or

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

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

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

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

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

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

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

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

2.18. INVESTMENTS IN SUBSIDIARIES

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

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated Annual Financial Statements incorporate the assets, liabilities, income, expenses and cash flows of the Corporation and its subsidiaries. The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. Inter-company transactions and balances are eliminated on consolidation.

COMPANY ANNUAL FINANCIAL STATEMENTS

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably

2.19. 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.

2.20 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.

2.21 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 01/04/2024 to 31/03/2025.

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.

2.22 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.

2.23. 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 financialstatements, 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.

NOTES ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

	GROUP		COMPANY	
1. REVENUE FROM NON EXCHANGE TRANSACTIONS	2025 R	2024 Restated R	2025 R	2024 Restated R
Transfers from provincial government	86 993 980	8 5371 000	8 1500 800	78 371 000
Services in Kind -Refer to note 21 for details	1 461 386	589 089	1 461 386	589 089
	88 455 366	**85 960 089**	**82 962 186**	**78 960 089**

2. REVENUE FROM EXCHANGE TRANSACTIONS

Rendering of services	20 279 204	32 448 061	20 279 204	32 448 061
Interest received	474 673	504 485	474 673	504 485
	20 753 877	**32 952 546**	**20 753 877**	**32 952 546**

The amount included in revenue arising from exchanges of goods or services are as follows:

Project Income	12 660 865	25 932 619	12 660 865	25 932 619
Hotel Income	4 054 107	2 058 344	4 054 107	2 058 344
Tuition fees	3 119 987	3 481 245	3 119 987	3 481 245
Other Income	433 223	961 009	433 223	961 009
	20 268 182	**32 433 217**	**20 268 182**	**32 433 217**

PROJECT INCOME

REVENUE FROM EXCHANGE TRANSACTIONS – PROJECT INCOME (ECD PROJECTS)

In accordance with the requirements of GRAP 9, paragraph .29, the entity recognises revenue from ECD project agreements based on the stage of completion method, as the services are rendered over a period of time.

Management assesses whether an agreement meets all the conditions of an exchange transaction on an ongoing basis by evaluating the following criteria:

- The significant risks and rewards of ownership have been transferred to the recipient;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or services rendered;
- 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.

For ECD projects that are implemented over a defined construction or service delivery period, revenue is recognised by reference to the stage of completion of the project at the reporting date as confirmed by the Project Manager of the Department of Education. The stage of completion is determined using the input method, based on costs incurred to date as a proportion of the total estimated costs to complete the project. This method provides the most reliable measure of the progress of the ECD projects, given the nature of the services rendered and the underlying funding agreements.

The stage of completion is reviewed at each reporting date and adjustments are made where necessary to reflect changes in project scope, estimated costs, or delivery timelines. Any expected loss on a project is recognised immediately in surplus or deficit.

This approach ensures that revenue recognition reflects the transfer of economic benefits and the fulfilment of contractual obligations in accordance with the performance obligations under each ECD agreement.

	GROUP		COMPANY	
	2025	2024 Restated	2025	2024 Restated
3. PERSONNEL	R	R	R	R
Basic	46 030 557	44 986 480	46 030 557	44 627 861
Car Allowance	1 840 017	1 462 636	1 840 017	1 462 636
Leave paid	665 595	756 734	665 595	756 734
Overtime	762 313	1 159 698	762 313	1 159 698
Acting Allowance and Added responsibility	1 302 299	2 690 446	1 302 299	2 690 446
Backpay	1 662 130	2 764 588	1 662 130	2 764 588
Phone, Housing and Shift Allowances	529 550	518 700	529 550	518 700
Pension fund	2 222 320	2 115 121	2 222 320	2 115 121
Provident fund	3 432 927	2 801 422	3 432 927	2 801 422
UIF - Company contribution	248 646	298 001	248 646	298 001
Skills Development Levy - Company contribution	484 179	499 959	484 179	499 959
Long Service awards	53 000	303 249	53 000	303 249
	59 233 533	**60 357 034**	**59 233 533**	**59 998 415**

INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS -

PAYEE	9 650 233	11 466 638	9 650 233	11 466 638
UIF (employee contribution)	248 647	298 002	248 647	298 002
Pension (employee contribution)	925 433	896 745	925 433	896 745
Provident (employee contribution)	1 450 877	1 187 715	1 450 877	1 187 715
Medical aid (employee contribution)	865 383	780 214	865 383	780 214
	13 140 573	**14 629 314**	**13 140 573**	**14 629 314**

4. ADMINISTRATIVE

Rates and Taxes	2 002 794	2 036 375	2 002 794	2 036 375
Communication	831 401	4 153 925	831 401	4 153 925
Insurance	882 412	809 311	882 412	809 311
Motor fleet	1 295 460	1 067 224	1 295 460	1 067 224
Lease costs	745 070	826 056	745 070	826 056
Security	4 004 145	3 927 450	4 004 145	3 927 450
Printing and stationary	525 505	632 170	525 505	632 170
Repairs and maintaince	56 042	139 029	56 042	139 029
Other Admin Expenses	960 977	363 982	960 977	363 982
	11 303 806	**13 212 825**	**11 303 806**	**13 212 825**

5. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Auditors remuneration	10 285 355	6 447 009	9 289 360	6 447 009
Bank charges	279 592	280 044	279 592	280 044
Professional fees	3 164 068	2 860 697	2 990 722	1 585 715
Food and Beverage	1 058 954	703 019	1 058 954	703 019
Accommodation	562 414	684 261	562 414	684 261
Skills development training	52 786	157 253	52 786	157 253
Marketing	277 084	167 973	277 084	167 973
Pest control	7 937	34 830	7 937	34 830
Work placement	144 108	260 235	144 108	260 235
Printing and stationery	180 044	1 212 570	180 044	1 212 570
Learner Protective clothing	695 047	680 710	695 047	680 710
Training Material	1 299 473	6 843 973	1 299 473	6 843 973
Subsistence and Travel	2 190 759	2 595 424	2 190 759	2 520 965
Hotel Rates, water and electricity	1 438 846	1 116 857	1 438 846	1 116 857
Stipends	6 005 110	3 270 734	6 005 110	3 270 734
Staff Appointment and recruitment	1 188 761	364 292	1 188 761	364 292
Learner Toolboxes	4 037	4 892	4 037	4 892
Production - Construction	3 791 814	2 956 854	3 791 814	2 956 854
Training Centres and Hotel repairs and maintenance	457 580	489 316	457 580	489 316
Directors expenses	5 000 368	5 166 775	5 000 368	5 166 775
Hotel Security	1 085 199	1 074 299	1 085 199	1 074 299
Hotel operating expenses	1 848 387	1 723 008	1 848 387	1 723 008
Training centre operating expenses	26 496	9 935	26 496	9 935
Corporate services operating expenses	1 081 745	447 186	1 081 745	447 186
	42 125 964	**39 552 146**	**40 956 623**	**38 202 705**

6. PROPERTY, PLANT AND EQUIPMENT - GROUP

31 MARCH 2025 OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	108 307 000	(9 236 200)	99 070 800
Machinery and equipment	5 940 320	(2 613 115)	3 327 205
Motor vehicles	2 845 443	(2 011 933)	833 510
Office equipment	615 781	(312 782)	302 999
Office furniture	5 318 730	(2 829 142)	2 489 588
Domestic equipment	1 431 560	(512 684)	918 876
Computer equipment	2 968 985	(1 090 858)	1 878 127
TOTAL	**127 427 819**	**(18 606 714)**	**108 821 105**

31 MARCH 2024 OWNED ASSETS	Cost R	Accumulated depreciation R	Carrying Value R
Land and buildings	108 307 000	-	108 307 000
Machinery and equipment	6 312 933	(2 665 578)	3 657 355
Motor vehicles	2 845 443	(1 803 556)	1 041 887
Office equipment	654 753	(298 209)	356 544
Office furniture	5 885 095	(3 019 334)	2 865 761
Domestic equipment	1 555 637	(563 288)	992 349
Computer equipment	2 968 080	(1 078 469)	1 867 611
TOTAL	**128 506 941**	**(9 418 434)**	**119 088 507**

The land and buildings were revalued as at 31 March 2024 by an independent appraiser registered as a Professional Associated Valuer with the South African Council for the Property Valuers Profession. The next revaluation will be performed by the entity for during the year that will end 31 March 2029. 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.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Repairs and Maintenance	315 684	622 903	315 684	622 903

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2025 R	2024 Restated R

REVALUATIONS

The effective date of the revaluations was 31 March 2024. Valuations were performed by independent valuer, Mr. Chris Baleni [Professional Valuer], of Chris B Valuers and Projects. Chris B Valuers and Projects are not connected to the entity.

Land and buildings are valued independently every five years.

DETAILS OF PROPERTIES

OTHER INFORMATION

HOSPITALITY AND TOURISM ACADEMY - KANYAMAZANE

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

	2025 R	2024 Restated R
Building	48 913 144	52 642 000
Land	2 795 000	2 795 000
	51 708 144	**55 437 000**

KABOKWENI TRAINING CENTRE - KABOKWENI

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

	2025 R	2024 Restated R
Building	7 691 909	9 700 000
Land	430 000	430 000
	8 121 909	**10 130 000**

TECHNICAL TRAINING CENTRE - EMALAHLENI

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

	2025 R	2024 Restated R
Building	24 084 086	28 020 000
Land	1 660 000	1 660 000
	25 744 086	**29 680 000**

MRTT HOUSE

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

	2025 R	2024 Restated R
Building	2 155 359	2 000 000
Land	390 000	390 000
	2 545 359	**2 390 000**

CORRIDOR HILL - EMALAHLENI

	2025 R	2024 Restated R
Land	2 570 000	2 570 000

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

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

	2025 R	2024 Restated R
Repairs and Maintenance	315 684	622 903

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

MOVEMENT MARCH 2025 FINANCIAL YEAR

GROUP

OWNED ASSETS	1 April 2024 Carrying Value R	Additions R	Disposals R	Depreciation R	31 March 2025 Carrying Value R
Land and buildings	108 307 000			(9 236 200)	99 070 800
Machinery and equipment	3 657 355	53 988	(82 290)	(301 848)	3 327 205
Motor vehicles	1 041 887			(208 377)	833 510
Office equipment	356 542		(22 685)	(30 858)	302 999
Office furniture	2 865 760	137 613	(159 834)	(216 339)	2 627 200
Domestic equipment	992 349		(137 053)	(74 034)	781 262
Computer equipment	1 867 613	390 182	(162 546)	(217 120)	1 878 129
TOTAL	**119 088 506**	**581 783**	**(564 408)**	**(10 284 776)**	**108 821 105**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	1 April 2023 Carrying Value R	Additions R	Gains NBV R	Revaluation R	Disposals R	Prior Period Error R	Acc. dep Adjustments on Error R	Acc. dep Adjustments R	Depreciation R	1 March 2024 Carrying Value R
Land & Buildings	85 713 380	-	-	23 256 752	-	6 445 056	172 168	-	(6 936 024)	108 306 996
Machinery and equipment	3 063 536	1 009 785	(37 596)	-	-	-	-	(71 685)	(306 684)	3 657 356
Motor vehicles	1 307 351	-	(1 315)	-	(3 109)	-	-	(57 086)	(208 376)	1 041 889
Office equipment	337 017	61 019	-	-	-	-	-	(5 222)	(31 846)	356 544
Office furniture	3 240 812	48 689	(18 741)	-	-	-	-	(149 802)	(255 197)	2 865 761
Domestic equipment	829 407	255 950	(2 021)	-	-	-	-	(11 299)	(79 686)	992 351
Computer equipment	1 949 627	229 252	(13 845)	-	(144 994)	-	-	(24 467)	(241 072)	1 867 610
Total	**96 441 130**	**1 714 693**	**(73 518)**	**(23 256 752)**	**(144 994)**	**6 445 056**	**(172 168)**	**(319 561)**	**(8 058 885)**	**119 088 507**

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:

ITEM	AVERAGE USEFUL LIFE (YEARS)
Machinery and Equipment	10 - 30
Motor vehicles	15
Office equipment	20 - 30
Office furniture	20 - 30
Domestic equipment	20 - 30
Computer equipment	10 -20

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.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	2025			2024 - Restated		
	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R	Cost /Valuation R	Accumulated depreciationand accumulated impairment R	Carrying value R
Land and buildings	100 207 000	(9 236 200)	90 970 800	100 207 000	-	100 207 000
Machinery and equipment	5 807 320	(2 600 269)	3 207 051	6 179 933	(2 648 048)	3 531 885
Office equipment	4 683 185	(2 767 771)	1 915 414	5 249 550	(2 983 360)	2 266 190
Motor vehicles	2 845 443	(2 011 933)	833 510	2 845 443	(1 803 556)	1 041 887
Office furniture	607 845	(312 016)	295 829	646 817	(297 760)	349 057
Computer equipment	2 378 913	(995 895)	1 383 018	2 356 008	(1 022 805)	1 333 203
Domestic equipment	1 431 560	(512 684)	918 876	1 555 637	(563 288)	992 349
Total	**117 961 266**	**(18 436 768)**	**99 524 498**	**119 040 388**	**(9 318 817)**	**109 721 571**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Land & Buildings	100 207 000	-	-	(9 236 200)	90 970 800
Machinery and equipment	3 531 885	137 613	(82 290)	(296 532)	3 207 051
Office furniture	2 266 189	-	(159 834)	(190 942)	2 053 026
Motor vehicles	1 041 887	-	-	(208 377)	883 510
Office equipment	349 056	-	(22 685)	(30 542)	295 829
Computer equipment	1 333 205	390 182	(162 546)	(177 821)	1 383 020
Domestic equipment	992 349	-	(137 053)	(74 034)	918 876
Total	**109 721 571**	**581 783**	**(564 408)**	**(10 214 448)**	**99 524 498**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	Opening balance R	Additions R	Gains NBV R	Disposals R	Prior Period Error R	Accumliated Depreciation on Error R	Revaluations R	Acc. dep Adjustments R	Depreciation R	Total R
Land & Buildings	77 613 380	-	-	-	6 445 056	(172 168)	23 256 752	-	(6 936 025)	100 206 995
Machinery and equipment	2 932 736	1 009 784	(37 596)	-	-	-	-	(71 685)	(301 355)	3 531 885
Office furniture	2 615 774	48 688	(18 741)	-	-	-	-	(149 802)	(229 731)	2 266 189
Motor vehicles	1 307 351	-	-	-	-	-	-	(57 086)	(208 377)	1 041 888
Office equipment	329 212	61 019	(1 315)	(3 109)	-	-	-	(5 222)	(31 528)	349 057
Computer equipment	1 375 813	339 252	(13 845)	(141 885)	-	-	-	(24 467)	(201 668)	1 333 202
Domestic equipment	829 407	255 950	(2 021)	-	-	-	-	(11 299)	(79 687)	992 350
Total	**87 003 674**	**1 714 693**	**(73 518)**	**(144 994)**	**6 445 056**	**(172 168)**	**(172 162)**	**(172 162)**	**(7 988 369)**	**109 721 566**

7. INTANGIBLE ASSETS

GROUP

	2025			2024 - Restated		
	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Net book Value R	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Net book Value R
Computer software	-	-	-	492 311	(425 891)	66 420

RECONCILIATION OF INTANGIBLE ASSETS - 2025	Cost /Valuation	Amortisation for the year	New Book Value
Computer software	66 420	(66 420)	-
RECONCILIATION OF INTANGIBLE ASSETS - 2024			
Computer software	151 630	(85 210)	66 420

COMPANY

	2025			2024 - Restated		
	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Net book Value R	Cost /Valuation R	Accumulated amortisation and accumulated impairment R	Net book Value R
Computer software	-	-	-	492 311	(425 891)	66 420

RECONCILIATION OF INTANGIBLE ASSETS - 2025	Cost /Valuation	Amortisation for the year	New Book Value
Computer software	66 420	(66 420)	-
RECONCILIATION OF INTANGIBLE ASSETS - 2024			
Computer software	151 630	(85 210)	66 420

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with the bank.

Cash and cash equivalents included in the cash flow statement comprise the;

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Cash on hand	13 658	8 634	13 658	8 634
Bank balances	3 812 252	8 294 294	3 812 252	8 294 294
Short-term deposits	2 001 048	30 545	2 001 048	30 545
	5 826 958	**8 333 473**	**5 826 958**	**8 333 473**

As at 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) held R5.83 million in cash and cash equivalents, while owing R28.24 million to its subsidiary, the Mpumalanga Innovation and Skills Hub (MISH). This results in a cash funding shortfall of R22.42 million. The liability represents funds allocated to MISH in both the current and prior financial years by the Mpumalanga Department of Education, which were deposited into MRTT's bank account, as MISH does not maintain a separate bank account. MRTT has, in previous years, utilised a portion of these funds to finance its own operational expenditures. The liability is further disclosed under Payables from exchange transactions in note 12.

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Gross trade receivables	23 649 629	21 323 518	23 649 629	21 323 518
Allowance for impairment	(17 603 638)	(15 474 980)	(17 603 638)	(15 474 980)
	6 045 991	**5 848 538**	**6 045 991**	**5 848 538**
Deposits	3 500	3 500	3 500	3 500
	6 049 491	**5 852 038**	**6 049 491**	**5 852 038**

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

MRTT does not have trade and other receivables pledged as security.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

MRTT as at the financial year-end did not have trade and other receivables past due but not impaired:

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was R (17 603 638) as of 31 March 2025 (2024: R (15 474 980)).

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2025 R	2024 Restated R
Opening balance	15 474 980	14 136 048
Provision for impairment	2 128 658	1 338 932
	17 603 638	**15 474 980**

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Government grants and subsidies	1 177 130	822 000	1 177 130	822 000
impairment of debt	(176 569)	-	(176 569)	-
	1 000 561	**822 000**	**1 000 561**	**822 000**

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2025 R	2024 Restated R
Opening balance	-	-
Provision for impairment	176 569	-
	176 569	**-**

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R

11. INVENTORIES

	2025 R	2024 Restated R	2025 R	2024 Restated R
Consumables	187 075	267 935	187 075	267 935

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Trade Payables	6 476 085	2 889 694	34 765 653	26 981 451
Accruals	449 561	617 772	449 561	491 743
Income received in advance	2 574 807	2 453 378	2 574 807	2 453 378
	9 500 453	**5 960 844**	**37 790 021**	**29 926 572**

13. PROVISIONS

GROUP

RECONCILIATION OF PROVISIONS - 2025

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Leave days	3 619 140	665 595	(469 696)	-	3 815 049
Bonus	1 707 940	-	-	(180 439)	1 527 501
	5 327 080	**665 595**	**(469 686)**	**(180 439)**	**5 342 550**

RECONCILIATION OF PROVISIONS - 2024 (Restated)

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Leave days	3 681 296	579 842	(641 998)	-	3 619 140
Bonus	1 535 379	172 561	-	-	1 707 940
	5 216 675	**752 403**	**(641 998)**	-	**5 327 080**

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

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

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

COMPANY

RECONCILIATION OF PROVISIONS - 2025

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Leave days	3 619 140	665 595	(469 696)	-	3 815 049
Bonus	1 707 940	-	-	(180 439)	1 527 501
	5 327 080	**665 595**	**(469 686)**	**(180 439)**	**5 342 550**

RECONCILIATION OF PROVISIONS - 2024 (Restated)

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Leave days	3 681 296	579 842	(641 998)	-	3 619 140
Bonus	1 535 379	172 561	-	-	1 707 940
	5 216 675	**752 403**	**(641 998)**	-	**5 327 080**

13. PROVISIONS (CONTINUED)

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

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

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

EMPLOYEE BENEFIT COST PROVISION

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

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

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

14. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Deficit for the year	(16 096 347)	(4 435 098)	(20 356 826)	(9 656 517)
Adjustments for the year				
Loss on disposal	564 407	-	564 407	-
Depreciation of Property, plant and equipment	10 351 195	8 144 099	10 280 867	8 073 576
Debt impairment	2 305 228	1 338 932	2 305 228	1 338 932
Loss on Disposal	-	144 994	-	144 994
Movements in Provision	(15 470)	110 405	(15 470)	110 405
Other non cash	(79 556)	(53 908)	(79 556)	(101 465)
Revenue Service in kind	(1 461 386)	(589 089)	(1 461 386)	(589 089)
Employee cost service in kind	1 461 386	589 089	1 461 386	589 089
Changes in working capital				
Increase/(Decrease) in inventories	80 860	(19 293)	80 860	(19 293)
Decrease / (Increase) in receivables from exchange transactions	(2 315 862)	2 717 895	(2 315 862)	2 717 895
Decrease/(Increase) in receivables from non exchange transactions	(355 130)	(822 000)	(355 130)	(822 000)
Increase in trade and other payables	3 539 609	5 603 939	7 863 449	(264 442)
Depreciation of Property, plant and equipment	**(2 028 034)**	**1 522 087**	**(2 028 033)**	**1 522 087**

15. AUDITORS REMUNERATION

External audit fees	9 374 844	5 957 757	8 378 849	5 957 757
Internal audit fees	910 511	489 252	910 511	489 252
	10 285 355	**6 447 009**	**9 289 360**	**6 447 009**

16. DIRECTOR'S AND MANAGEMENTS EMOLUMENTS

GROUP

DIRECTOR'S REMUNERATION : NON EXECUTIVE BOARD MEMBERS

NON - EXECUTIVE: 2025	Sitting fees R	Preperation fees R	Subsidence and Travel R	Cell phone and data allowance R	Total R
PP Maoko - *Chairperson of the Board of Directors*	344 648	317 833	72 616	24 000	759 097
LM Motshwane	306 726	325 038	36 609	18 000	686 373
TR Mokgoshi	264 330	280 350	26 224	18 000	588 904
B Sibanyoni	257 868	266 760	30 130	18 000	572 758
MI Tibane	471 276	471 276	92 600	18 000	1 053 152
HH Nkanyane	245 305	269 335	65 681	18 000	598 321
D Dlamini (*Audit Committee Chairperson - Term commenced 1 April 2023)*	220 536	224 982	14 031	15 500	475 049
N Madiba (*Risk Management Committee Chairperson)*	80 028	80 028	22 265	18 000	200 321
	2 190 717	**2 235 602**	**360 156**	**147 500**	**4 933 975**

NON- EXECUTIVE: 2024	Sitting fees R	Preperation fees R	Subsidence and Travel R	Cell phone and data allowance R	Total R
PP Maoko - *(Chairperson of the Board of Directors)*	457 895	301 672	49 980	12 000	821 547
LM Motshwane	280 702	229 900	11 183	6 000	527 785
TR Mokgoshi	268 335	220 275	5 748	6 000	500 358
B Sibanyoni	458 297	346 906	21 188	6 000	832 391
MI Tibane	535 467	345 024	26 449	6 000	912 940
HH Nkanyane	448 879	316 395	27 893	6 000	799 167
D Dlamini (*Audit Committee Chairperson - Term commenced 1 April 2023)*	208 962	164 502	5 982	6 000	385 446
N Madiba (*Risk Management Committee Chairperson)*	102 906	67 798	4 797	6 000	181 501
R Tshimomola (*Audit Committee Chairperson - Term ended 31 March 2023)*	8 892	-	8 376	-	17 268
B Singwane (*Term ended August 2023)*	36 045	32 040	3 744	2 500	74 329
	2 806 380	**2 024 512**	**165 340**	**56 500**	**5 052 732**

16. DIRECTOR'S AND MANAGEMENTS EMOLUMENT 'S (CONTINUED)

EXECUTIVE MANAGEMENT - MRTT 2025

	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela *(Acting Chief Executive Officer)*	696 194	113 577	40 601	850 372
MG Jafta *(Chief Financial Officer)*	1 618 199	24 365	187 865	1 830 429
B Hlatshwayo *(Acting Chief Financial Officer)*	881 967	231 893	103 359	1 217 219
G Silaule (*General Manager Technical Training Operations)*	1092 611	24 963	127 538	1 245 112
E Mkhabela (*Acting General Manager Hospitality and Tourism Academy)*	63 693	425 623	103 602	1 166 918
	4 926 664	**820 420**	**562 965**	**6 310 048**

EXECUTIVE MANAGEMENT - MRTT 2024

	Basic salary R	Short term benefits (include bonus, acting allowances) R	Post employment benefits R	Total R
CD Maebela *(Acting Chief Executive Officer - Appointed 1 September 2023)*	-	252 418	1 771	254 189
FW Magwandana -*(Acting Chief Executive Officer - Resigned 30 August 2023)*	482 151	333 136	83 651	898 938
MG Jafta *(Chief Financial Officer)*	1 492 143	134 545	256 553	1 883 241
B Hlatshwayo (*Acting Chief Financial Officer - Appointed 16 January 2024)*	910 819	186 925	141 763	1 239 507
G Silaule *(General Manager Technical Training Operations)*	173 311	3 064	30 014	206 389
ZL Khoza *(Acting General Manager Technical Training Operations - Acting terminated 31 January 2024)*	1 112 846	248 520	192 419	1 553 785
E Mkhabela (*Acting General Manager Hospitality and Tourism Academy)*	593 529	388 541	142 093	1 124 163
S SHungube (*Acting General Manager Corporate Services - Resigned 30 August 2023)*	151 727	358 722	27 072	537 521
I Middel *(MISH Acting CEO)*				126 029
	4 916 526	**1 905 871**	**875 336**	**7 823 762**

Mr CD Maebela has been appointed as the Acting Chief Executive Officer for MRTT effective from 1 September 2023. He was a permanent employee of the Mpumalanga Department of Education and was seconded to the role of Acting CEO for MRTT up to 30 November 2024. Mr Maebela was appointed to be the General Manager Corporate Services at MRTT from 30 November 2024. The amount reflected above is acting allowance that the he received from MRTT from April 2024 to 30 November 2024 as well as Acting allowance to be the ACEO of MRTT and the remuneration of General Manager Corporate Services from 1 December 2024 to 31 March 2025.

Mr T Nkambule is a permanent employee of the Mpumalanga Department of Education and was seconded to be the Acting SCM Manager for MRTT from 1 April 2024. The amount recorded and disclosed is the total gross amount that the officials earned from the Department of Education for the duration of the secondment for the year ended 31 March 2025

16. DIRECTOR'S AND MANAGEMENTS EMOLUMENTS (CONTINUED)

COMPANY

DIRECTOR'S REMUNERATION : NON EXECUTIVE BOARD MEMBERS

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16. DIRECTOR'S AND MANAGEMENTS EMOLUMENT 'S (CONTINUED)

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EXECUTIVE MANAGEMENT - MRTT 2024

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Mr T Nkambule is a permanent employee of the Mpumalanga Department of Education and was seconded to be the Acting SCM Manager for MRTT from 1 April 2024. The amount recorded and disclosed is the total gross amount that the officials earned from the Department of Education for the duration of the secondment for the year ended 31 March 2025

17. EMPLOYEE BENEFITS

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R

Defined contribution plan

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

Total company contribution	5 655 246	6 975 604	5 655 246	6 975 604

18. COMMITMENTS

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Commitments	15 817 111	4 400 968	15 817 111	4 400 968

Commitments represent future contractual commitments the organisation have engaged itself with other parties whereby cash outflows will be legally expected from the organisation.Contracted Services – As and When Required Basis

The Mpumalanga Regional Training Trust (MRTT) has entered into service-level agreements with various service providers for the supply of goods and services on an as and when required basis. These contracts have been concluded following a competitive procurement process and are valid for a fixed period of three (3) years from the date of commencement.

The purpose of these contracts is to ensure the continuous availability of essential operational support services and materials to facilitate MRTT's core training and administrative activities. These contracts do not constitute fixed or guaranteed purchase volumes but rather provide a mechanism for procurement when the need arises. As such, no specific future financial obligations can be precisely quantified at the reporting date.

The categories of services contracted under this arrangement include the following:

Nature of Commitment	**Contract Term**
Stationery and Paper	3 years
Electrical, Plumbing and Painting	3 years
Personal Protective Equipment (PPE)	3 years
Laundry Services	3 years
Cleaning Chemicals	3 years
Fresh Produce Supply	3 years

Although these contracts are binding for the duration of the specified term, MRTT is only obligated to procure services as required. Therefore, the actual financial commitment cannot be determined with certainty as it will depend on operational needs throughout the contract period.

These arrangements ensure that MRTT maintains operational readiness and service delivery efficiency while exercising cost control and compliance with procurement prescripts.

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

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Irregular expenditure - current year	16 331 561	10 750 047	16 331 561	8 971 467

DETAILS OF IRREGULAR EXPENDITURE - CURRENT YEAR

INCIDENT	DESCRIPTION	AMOUNT
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 MRTT were for key service providers at the Hospitality and Tourism Academy so that the quality of service, meals and training was not disturbed.	1 514 187
Incident 2	Contract variation greater than 15% as guided by National Treasury instruction note 3 of 2016/17	410 348
Incident 3	Extension of contracts	2 012 296
Incident 4	Budget over expenditure	1 009 591
Incident 5	Minimum of 3 quotations were not obtained	882 412
Incident 6	Payment above contracted amount	1 570 513
Incident 7	Submission of tender time not in submission register of tender	1 771 713
Incident 8	Not utilising PPR 22 for 2024- 25 transactions	7 160 501
		16 331 561

	GROUP		COMPANY	
FRUITLESS & WASTEFUL EXPENDITURE	2025 R	2024 Restated R	2025 R	2024 Restated R
Fruitless & wasteful expenditure	197 936	414 817	197 936	414 817

In the current year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS.

In the prior year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARSIn the prior year the entity incurred fruitless and wasteful expenditure in relation to interest and penalties levied by SARS. The determination test is in progress.

During the financial year ended 31 March 2025, the Mpumalanga Regional Training Trust (MRTT) incurred interest and penalties relating to outstanding audit fees payable to the Auditor-General of South Africa (AGSA). The expenditure arose as a result of delayed payments for year audit invoices.

In an effort to regularize the situation, MRTT entered into a formal payment arrangement with AGSA, which stipulated that if MRTT complies with the agreed payment terms, all interest and penalties charged would be reversed. The payment arrangement was effective during the financial year and concluded at the end of April 2025, which is after the reporting date.As at 31 March 2025, MRTT had complied fully with the agreed-upon payment schedule. However, written confirmation from AGSA indicating the reversal of interest and penalties had not yet been received by the reporting date. As a result, and in line with the principle of prudence, the full amount of interest and penalties charged to date has been disclosed as fruitless and wasteful expenditure pending official confirmation of the write-off

.Management remains confident that the terms of the arrangement have been met and that AGSA will honor the commitment to reverse the charges. The matter is being followed up, and any adjustments required will be accounted for in the subsequent reporting period.

21. RELATED PARTIES DISCLOSURES

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R

RELATIONSHIPS

Members	Refer to members' report date
Ultimate Controlling entity	Department of Education - Mpumalanga
Controlled Entity	Mpumalanga Innovation and Skills Hub and MRTT Royal Hotel Pilgrims Rest (Pty) Ltd
Members of Key Management	Executive Management (Note 16)

RELATED PARTY BALANCES

INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
MRTT Royal Hotel Pilgrims Rest (Pty) Ltd			11 151 893	11 151 893
Impairment of the balance - 100%			-11 151 893	-11 151 893

RECEIVABLES WITH RELATED PARTIES - MPUMALANGA DEPARTMENT OF EDUCATION

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Mpumalanga Department of Education	7 958 743	7 558 725	7 958 743	7 558 772
Impairment of the balance	- 1 236 450	-9 22 587	-992 587	-93 668
Payables with Related Parties				
Mpumalanga Innovation Skills Hub			28 242 010	24 044 201

RELATED PARTY TRANSACTIONS

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Transactions between Mpumalanga Department of Education and MRTT (Projects)	5 689 820	24 831 762	5 689 820	24 831 762

RECEIPTS FROM RELATED PARTIES

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Mpumalanga Department of Education - MRTT Allocation	81 500 800	78 371 000	81 500 800	78 371 000
Mpumalanga Department of Education - MISH Allocation	5 493 180	7 000 000	5 493 180	7 000 000

PAYMENTS MADE BY DEPARTMENT - SERVICES-IN-KIND PAYMENTS

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Services-in-kind payments (The Acting CEO of MRTT has been seconded from the Department of Education)	- 1 461 386	-589 089	-1 461 386	-589 089

SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION

	Group 2025 R	Group 2024 Restated R	Company 2025 R	Company 2024 Restated R
Services-in-kind payments (The Acting CEO of MRTT has been seconded from the Department of Education)	1 461 386	589 089	1 461 386	589 089

22. 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

22. RISK MANAGEMENT CONTINUED

GROUP: 2024 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%	5 960 844	-	-	-	-
GROUP: 2025						
Financial Instrument						
Trade and other payables	8.5%	9 500 453	-	-	-	-
COMPANY: 2024						
Financial Instrument						
Trade and other payables	8.5%	29 926 572	-	-	-	-
COMPANY: 2025						
Financial Instrument						
Trade and other payables	8.5%	37 790 021	-	-	-	-

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.

	GROUP & COMPANY	
	2025 R	2024 Restated R
Cash and cash equivalents	5 826 958	8 333 473
Receivables ageing is as follows - Current	1 755 373	6 572 997
- 30 days	498 537	1 283 762
- 60 days	8 366 659	62 274
- 90 - 150 days	14 206 190	14 128 944
Total of Receivables from Exchange Transactions	**23 649 629**	**21 333 767**
Total of Receivables from Non - Exchange Transactions	**1 177 130**	**822 000**
Intercompany account - Royal Hotel	11 151 893	11 151 893

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.

23. INVESTMENT SUBSIDIARY

The consolidated Annual Financial Statements include the financial information for the year ended 31 March 2025 of Mpumalanga Innovation and Skills Hub

24. BUDGET VS ACTUAL INFORMATION

GROUP

The budget is approved on an accrual basis by functional classification. The approved budget covers the fiscal period from 1 April 2024 to 31 March 2025.

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 Financial Performance for the Year Ended 31 March 2024 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:

24.1 The variance is caused by services in kind which is a non cash item and has not been budgeted for in the year 2024-25 as it relates to officials seconded from the Department of Education to positions at MRTT. Included in the government grant in the statement of budget and actual includes the budgeted amount of R5 493 000 for MISH. The amount is included in the MRTT budget as the MRTT budget was approved inclusive of MISH allocation as MISH operationally was created to be programme 4 under MRTT for the period under review.

24.2 The unfavourable variance is caused by the fact that the entity had less projects than anticipated / planned during the period under review.

24.3 The unfavourable variance is caused by the fact that the entity has provision for leave days and bonus as well as the appointment of OHS and Quality Assurance Officers during the financial year.

24.4 The unfavourable variance is due to the fact that there was more expenditure in relation to the various projects that the entity undertook in the year under review and the budget adjustment was not sufficient to avoid the over-expenditure as well as expenditure for depreciation and debt impairment.

24.5 The favourable variance is due to less capital requirements during the financial year

COMPANY

The budget is approved on an accrual basis by functional classification. The approved budget covers the fiscal period from 1 April 2024 to 31 March 2025.

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 Financial Performance for the Year Ended 31 March 2024 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:

24.1B The variance is caused by services in kind which is a non cash item and has not been budgeted for in the year 2024-25 as it relates to officials seconded from the Department of Education to positions at MRTT. Included in the government grant in the statement of budget and actual includes the budgeted amount of R5 493 000 for MISH. The amount is included in the MRTT budget as the MRTT budget was approved inclusive of MISH allocation as MISH operationally was created to be programme 4 under MRTT for the period under review.

24.2B The unfavourable variance is caused by the fact that the entity had less projects than anticipated / planned during the period under review.

24.3B The unfavourable variance is caused by the fact that the entity has provision for leave days and bonus as well as the appointment of OHS and Quality Assurance Officers during the financial year.

24. BUDGET VS ACTUAL INFORMATION (CONTINUED)

24.4B The unfavourable variance is due to the fact that there was more expenditure in relation to the various projects that the entity undertook in the year under review and the budget adjustment was not sufficient to avoid the over-expenditure as well as expenditure for depreciation and debt impairment.

24.5 B The favourable variance is due to less capital requirements during the financial year

25. ACCOUNTING FRAMEWORKS OF HOLDING COMPANY AND SUBSIDIARY

The holding company uses GRAP as the accounting framework and the subsidiary uses GRAP. There has been no adjustment necessary and the consolidated AFS are consistent.

26. 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.

26. RESERVES (CONTINUED)

- 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.

	GROUP		COMPANY	
	2025 R	2024 Restated R	2025 R	2024 Restated R
Opening balance	106 687 944	86 827 650	106 687 944	86 827 650
Change during the year	-	23 256 752	-	23 256 752
Realisation of revaluation surplus	(4 047 554)	(3 396 458)	(4 047 554)	(3 396 458)
	102 640 390	**106 687 944**	**102 640 390**	**106 687 944**

27. SEGMENT REPORTING

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

The entity is organised and reports to the Accounting Authority on the basis of three major functional areas: Hospitality and Tourism Academy, Technical Training Operations and Corporate Services.

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The segments are geographically located in the Mpumalanga province.

- The Hospitality and Tourism Academy is based in the Lowveld in Nelspruit.
- The Technical Training Operations is located in Highveld in Emalahleni.
- The Corporate Services is located in Highveld in Emalahleni.

TYPES OF GOODS AND/OR SERVICES BY SEGMENT

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

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

27. SEGMENT REPORTING (CONTINUED)

COMPANY

MRTT SEGMENT REPORTING

2025 REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	8 946 340	74 015 846	82 962 186
Revenue from exchange transactions	6 789 406	13 053 307	907 110	20 749 823
Total segment revenue	**6 789 406**	**21 999 647**	**74 922 956**	**103 712 009**
Entity's revenue				**103 712 009**
EXPENDITURE				
Administration	-	-	11 303 606	11 303 606
Operating expenses	7 708 212	11 226 031	22 022 376	40 956 619
Personnel	12 354 144	23 299 687	23 579 702	59 233 533
Total segment expenditure	**20 062 356**	**34 525 718**	**56 905 684**	**111 493 758**
Total segment deficit	(13 272 950)	(12 526 071)	18 017 272	(7 781 749)
Total segmental deficit				**(7 781 749)**
Debt impairment				2 305 228
Depreciation and amortisation				10 280 867
Entity's surplus (deficit) for the period				**(20 367 844)**

2024 - RESTATED REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	11 400 000	67 560 089	78 960 089
Revenue from exchange transactions	3 392 879	28 268 593	1 276 228	32 937 700
Total segment revenue	**3 392 879**	**39 668 593**	**68 836 317**	**111 897 789**
Entity's revenue				**111 897 789**
EXPENDITURE				
Administration	-	-	13 955 518	13 955 518
Operating expenses	6 370 464	15 809 563	16 022 678	38 202 705
Personnel	11 754 076	24 612 255	23 632 084	59 998 415
Total segment expenditure	**18 124 540**	**40 421 818**	**53 610 280**	**112 156 638**
Total segment deficit	(14 731 661)	(753 225)	15 226 037	(258 849)
Total segmental deficit				**(258 849)**
Debt impairment	-	-	-	1 338 932
Depreciation and amortisation	-	-	-	8 073 578
Entity's surplus (deficit) for the period				**(9 671 359)**

27. SEGMENT REPORTING (CONTINUED)

GROUP

MRTT SEGMENT REPORTING

2025 REVENUE	Hospitality and Tourism Academy R	Technical Training Operations R	Corporate services R	Total R
Revenue from non-exchange transactions	-	8 946 340	74 015 846	82 962 186
Revenue from exchange transactions	6 789 406	13 053 307	907 110	20 749 823
Total segment revenue	**6 789 406**	**21 999 647**	**74 922 956**	**103 712 009**
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Total segmental deficit				**(7 781 749)**
Debt impairment				2 305 228
Depreciation and amortisation				10 280 867
Entity's surplus (deficit) for the period				**(20 367 844)**

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Total segmental deficit				**(258 849)**
Debt impairment	-	-	-	1 338 932
Depreciation and amortisation	-	-	-	8 073 578
Entity's surplus (deficit) for the period				**(9 671 359)**

MEASUREMENT OF SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

BASIS OF ACCOUNTING FOR TRANSACTIONS BETWEEN REPORTABLE SEGMENTS

In accordance with the requirements of GRAP 18: Segment Reporting, MRTT has considered its operations for the purpose of segment reporting. The basis of segmentation is aligned to the entity's mandate, strategic objectives, and organisational structure, and is intended to reflect the internal reporting used by management in assessing performance and allocating resources.

BASIS OF MEASUREMENT:

The financial information for each segment is prepared in accordance with the accounting policies adopted for preparing the annual financial statements. This includes the recognition and measurement criteria as prescribed.

All segment revenues and expenditures are measured on the accrual basis of accounting. The same measurement is used across all segments to ensure comparability. The information presented in each segment is based on the Balance and General Ledger as derived from the organisation's accounting system, where applicable.

MEASURE OF SURPLUS OR DEFICIT FOR EACH SEGMENT:

The measure of surplus or deficit reported to management for decision-making purposes is based on the net result of revenue less segment expenditure. This includes:

- Depreciation, amortisation, and debt impairment are not allocated to segments due to entity limitations.

REPORTABLE SEGMENTS:

Based on the internal structure and activities of MRTT, the following reportable segments were considered:

- **Hospitality and Tourism Academy (HTA)** – Skills development in hospitality and tourism trades. Offers accommodation, conference facilities, food and beverage services.
- **Technical Training Operations (TTO)** – Skills development in technical trades such as welding, agriculture, electrical, spray painting, panel beating, and construction.
- **Corporate Services** – Corporate services in Finance, Human Resources, Supply Chain, Quality Assurance.

Due to limitations in financial systems and management reporting structures, MRTT is currently not able to fulfil segment financial information as prescribed by GRAP 18. This includes the inability to disaggregate depreciation, debt impairment, assets, and liabilities in a manner consistent with GRAP 18.

28. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated deficit of R 33 184 278 and that the entity's current liabilities exceed its current assets by R 30 068 486. The total assets however exceed the liabilities by R69 456 112 which covers the solvency of the entity.

The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2024 and March 2025 for the year under review to the tune of R20 000 000, the entity has losses for 2 consecutive years (2024 - 8 923 361 and 2025 - R17 374 066).

The indicatorsabove 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 (2026 - 2028)by the Department of Education and signed by the Head Official of the Department of Education.

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2025/26 as well as the 5 year Strategic Plan 2026 - 2030.

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 continously is allocated the grant funding by the Mpumalanga Department of Education and that will remain in force for so long as it takes to restore the solvency of the entity.

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

29. PRIOR PERIOD ERROR

MRTT PRIOR PERIOD ERROR

PRIOR PERIOD ERROR – INCORRECT APPLICATION OF REMAINING USEFUL LIFE TO PPE

During the current financial year, management identified a prior period error in the application of the remaining useful life (RUL) assessment on Property, Plant, and Equipment (PPE). In prior reporting periods, the RUL was applied at the asset class level rather than being based on individual condition assessments of each asset, as required by GRAP 17 - Property, Plant and Equipment. This resulted in an improper extension of RUL with impact on depreciation charge and misstatement of the carrying amounts of certain assets within the PPE classes.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected retrospectively. The financial statements for the prior year have been restated to reflect the correct depreciation and carrying amounts based on revised individual asset assessments.

The cumulative effect of the error correction as at 1 April 2024 was a increase of R319 561 in accumulated depreciation and a corresponding decrease in the carrying amount of PPE. The correction resulted in a net increase of R319 561 in the opening balance of accumulated surplus/(deficit) for the comparative year ended 31 March 2024. Comparative figures have been restated accordingly. The knock on effect is that depreciation charge of 2024 increased by R1 546 803 and accumulated depreciation on disposed assets of R3441

The entity has strengthened its asset management and condition assessment procedures to ensure compliance with GRAP 17 going forward. The revised process includes periodic physical inspections and the implementation of an asset-specific useful life estimation methodology aligned with current condition and usage patterns.

Management of the entity engaged on a 100% physical verification of all assets of the entity which included conditional assessment of assets and the results / impact of the exercise.

29. PRIOR PERIOD ERROR (CONTINUED)

PRIOR PERIOD ERROR - OMISSION OF DONATED BUILDING ASSETS FROM THE FAR

During the current financial year, management identified a prior period error relating to the omission of donated building assets from the Fixed Asset Register (FAR) in the 2022/2023 financial year. These buildings, with a fair value of R6,445,000 at the date of donation, were received and brought into use during the prior period but were not recognised as additions to Property, Plant, and Equipment (PPE) in either the FAR or the financial statements. This resulted in an understatement of PPE and accumulated surplus as at 31 March 2023.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected retrospectively. The prior year's financial statements have been restated to include the donated building assets as at the date of acquisition. The effect of the correction is an increase of R6,445,000 in the carrying amount of PPE and a corresponding increase in the accumulated surplus as at 31 March 2023. Comparative figures have been restated accordingly and are detailed in note 1 to the financial statements.

The entity has subsequently improved controls over asset recognition processes, particularly in relation to donated assets, to ensure that all such transactions are promptly and accurately recorded in the FAR and financial statements in accordance with GRAP 17 - Property, Plant and Equipment.

PRIOR PERIOD ERROR - OMISSION OF ASSETS IDENTIFIED DURING ANNUAL VERIFICATION

During the 2023/2024 financial year, the entity conducted its annual asset verification process, which led to the identification of several assets physically in use but not previously recorded in the Fixed Asset Register (FAR) or recognised in the financial statements. These assets had been omitted in prior reporting periods, resulting in an understatement of Property, Plant, and Equipment (PPE) and the accumulated surplus. The net book value of the assets identified and recognised amounts to R554 997.

In accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors, the omission has been corrected retrospectively. The assets were added to the FAR and valued appropriately in line with GRAP 17 - Property, Plant and Equipment. As a result, the opening balance of PPE as at 1 April 2023 increased by R554 997, with a corresponding increase in the accumulated surplus. Comparative figures for the prior year have been restated to reflect this correction and are disclosed in note 1 to the financial statements.To prevent recurrence of such omissions, the entity has strengthened its asset management procedures, including enhancing physical verification protocols, improving asset tagging practices, and introducing more robust reconciliation controls between asset records and physical inventory.

During the current financial year, the entity identified employee-related costs amounting to R126 029 that pertained to the previous financial year, 2023/2024, but were not recognized in that year due to the unavailability of relevant information at the time the financial statements were prepared.

COMPANY

STATEMENT OF FINANCIAL POSITION: 2025	As previously reported R	Correction of error R	Restated R
Property plant and equipment	110 298 114	(576 543)	109 721 571
Payables from exchange transactions	21 825 682	(8 100 890)	29 926 572
Revaluation reserve	111 600 973	4 913 029	106 687 944
Change in accumulated deficit		(3 764 404)	

STATEMENT OF FINANCIAL PERFORMANCE: 2025	As previously reported R	Correction of error R	Restated R
Depreciation and Amortisation	6 526 814	1 546 764	8 073 578

29. PRIOR PERIOD ERROR (CONTINUED)

GROUP

STATEMENT OF FINANCIAL POSITION: 2025	As previously reported R	Correction of error R	Restated R
Property plant and equipment	119 665 050	(576 543)	119 088 507
Payables from exchange transactions	5 881 480	(79 364)	5 960 844
Revaluation reserve	111 600 973	4 913 029	106 687 944
Change in accumulated deficit		4 257 122	

STATEMENT OF FINANCIAL PERFORMANCE: 2025	As previously reported R	Correction of error R	Restated R
Depreciation and Amortisation	6 597 335	1 546 764	8 144 099
Personnel	60 231 004	126 030	60 357 034

DISCLODURES: 2025	As previously reported R	Correction of error R	Restated R
Irregular expenditure	104 972 289	1 778 580	106 750 869

IRREGULAR EXPENDITURE

During the current financial year, the entity identified irregular expenditure amounting to R1 778 580 which was incurred in the prior financial year but not disclosed in the irregular expenditure note of that year. This omission was due to an oversight in the application of the relevant procurement and supply chain management disclosure requirements as prescribed by the applicable financial reporting framework.

As a result, the comparative figures for irregular expenditure have been restated in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, to reflect the correction of this prior period error. The correction has no impact on the statement of financial performance or financial position for the current or prior year, as the expenditure was already recognised in the relevant periods. However, the disclosure in the irregular expenditure note has been updated to include the omitted amount.

The following prior period errors adjustments occurred:

DISCLOSURES: 2024	As previously reported R	Correction of error R	Restated R
Irregular expenditure	-	1 778 580	1 778 580

30. LOANS TO (FROM) ECONOMIC ENTITIES

	GROUP		COMPANY	
CONTROLLED ENTITIES	2025 R	2024 R	2025 R	2024 R
Royal Hotel	11 151 893	11 151 893	11 151 893	11 151 893
Impairment balance at 100%	(11 151 893)	(11 151 893)	(11 151 893)	(11 151 893)

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 matter is at High Court for liquidation process. The intercompany account is the balance as at the end of the financial year.The balance in the current year is R11 151 893 and in the prior year was R11 151 893 and has been impaired at 100%

31. INVESTMENTS IN CONTROLLED ENTITIES

COMPANY	2025 Held by	% Holding 2025	% Holding 2024	Carrying Amount 2025	Carrying Amount 2024
Royal Hotel	MRTT	100%	100%	100	100

MRTT is the holding company of Royal Hotel and holds 100% of shares in the subsidiary called MRTT Royal Hotel Pilgrims Rest (Pty) Ltd. Operations of the Royal Hotel came to an end on the 31 of August 2022 as the lease expired.

NOTES

NOTES

MRTT

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