MRTT

MPUMALANGA REGIONAL
TRAINING
TRUST

MRTT | ANNUAL REPORT 2025/26

ANNUAL REPORT 2025|26

Contents

PART A GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Regional Training Trust
REGISTRATION NUMBER	1993/006132/08
PHYSICAL ADDRESS	58 French Street, Emalahleni, Mpumalanga, 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 ADDRESS	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. A Mametja

MRTT

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor -General South Africa
APP	Annual Performance Plan
ARPL	Artisan Recognition of Prior Learning
CATHSSETA	Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority
CC	Constitutional Court
CETA	Construction Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
ETDPSETA	Education, Training and Development Practitioner Sector Education and Training Authority
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training
GDP	Gross Domestic Product
GM	General Manager
GNU	Government of National Unity
HR	Human Resources
ICT	Information and Communication Technology
M&E	Monitoring and Evaluation
MEC	Member of Executive Council
MerSETA	Manufacturing, Engineering and Related Services SETA
MoA	Memorandum of Agreement

MoU	Memorandum of Understanding
MP	Member of Parliament
MTDP	Medium-Term Development Plan
MRTT	Mpumalanga Regional Training Trust
NDP	National Development Plan
NQF	National Qualifications Framework
NPC	Non-Profit Company
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SDG	Sustainable Development Goals
SETA	Sector Education and Training Authority
SDA	Skills Development Act (Act No.97 of 1998)
SDP	Skills Development Provider
SLA	Service Level Agreement
SLP	Social and Labour Plan
SMME	Small, Medium, and Micro Enterprises
TID	Technical Indicator Descriptions
TMS	Training Management System
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund

3. FOREWORD BY THE MEMBER OF EXECUTIVE COUNCIL

HON LL MASINA
MEC FOR EDUCATION IN MPUMALANGA PROVINCE

As the Executive Authority of the Mpumalanga Regional Training Trust (MRTT), it is my privilege to present the Annual Report of the Entity for the 2025/26 financial year, ended 31 March 2026. This report reflects the Entity's performance, achievements, challenges, and strategic focus in fulfilling its mandate to empower the youth and communities of Mpumalanga through skills development.

The 7th Administration (2024–2029) is anchored on three interrelated strategic priorities: fostering inclusive economic growth and job creation; reducing poverty and addressing the high cost of living; and building a capable, ethical, and developmental state. These priorities are designed to redress historical injustices, empower marginalised communities particularly black South Africans, women, and the youth and accelerate sustainable socio-economic transformation. Through targeted and transformative interventions, the Administration seeks to unlock South Africa's human capital and drive equitable wealth creation.

ACHIEVEMENTS

In alignment with the 2025–2029 Medium Term Strategic Framework (MTSF), MRTT recorded progress during the year under review:

- Achieved 64% overall performance, meeting 14 out of 22 indicators.
- Advanced its role as a vehicle for employment creation, entrepreneurship promotion, and support for sustainable livelihoods.

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

CHALLENGES

The year also presented significant challenges:

- Financial constraints limiting programme expansion.
- Inadequate infrastructure in rural areas affecting training delivery.
- Rapidly changing industry requirements necessitating curriculum adjustments.
- Auditor-General's reports highlighting weaknesses in financial reporting, asset management, leadership stability, and internal controls raising material uncertainty about MRTT's sustainability if not decisively addressed.

Despite these challenges, MRTT remained steadfast in its mandate, ensuring that programmes were delivered effectively and effectively.

STRATEGIC FOCUS

Looking ahead, MRTT will:

- Implement the 2026/27 Annual Performance Plan (APP), incorporating recommendations from the previous year.
- Entrench its position as a leading institution in skills development and vocational training.
- Empower communities, strengthen the local economy, and restore confidence by repositioning itself as a credible, responsive, and impactful institution serving the youth of Mpumalanga.

"The 7th Administration (2024–2029) is anchored on three interrelated strategic priorities: fostering inclusive economic growth and job creation; reducing poverty and addressing the high cost of living; and building a capable, ethical, and developmental state. "

ACKNOWLEDGEMENTS:

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

Together, we have advanced MRTT's mission, ensuring it remains a symbol of hope, progress, and transformation for the people of Mpumalanga, while contributing to the broader national vision of a capable, ethical, and prosperous South Africa.

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.

Ms. LL Masina
MEC for Education Mpumalanga Province
25 August 2026

4. REPORT BY THE CHAIRPERSON

MR. PETRUS PHAPHAMA MAOKO
CHAIRPERSON OF THE BOARD OF DIRECTORS

The 2025/26 financial year stands as a testament to Mpumalanga's resilience, innovation, and unwavering commitment to empowering its people. Despite the challenges of a demanding socio-economic environment, the Mpumalanga Regional Training Trust (MRTT) achieved 64% overall performance, meeting 14 out of 22 indicators. This accomplishment reflects not only institutional progress but also the collective determination of our communities to build a future defined by opportunity and hope.

Through accredited training, mentoring, and customized programmes, MRTT expanded access to skills development, with hundreds of young people equipped to participate meaningfully in the economy. The strong uptake in hospitality and vocational training underscored the province's responsiveness to market demand, while simultaneously promoting Mpumalanga as a destination of choice for tourism and investment.

Aligned with the 7th Administration's strategic priorities which are fostering inclusive growth, reducing poverty, and building a capable, ethical state, MRTT will intensify its focus on institutional recovery, recognizing that this journey remains incomplete and demands unwavering commitment.

As we look ahead, Mpumalanga remains steadfast in its vision, to strengthen the local economy, uplift the youth, and entrench itself as a leader in skills development and vocational training. The successes of 2025/26 remind us that when we invest in people, we invest in the enduring progress of our province and our nation.

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

The Mpumalanga Regional Training Trust entered its 2026/27 FY strategic planning session with a clear purpose which was to strengthen its role as a catalyst for skills development and socio-economic transformation. What emerged from this gathering was more than a plan, it was a renewed vision, a reaffirmation of MRTT's credibility, and a collective commitment to empower the youth and communities of Mpumalanga.

The session provided clarity of direction, aligning MRTT's Annual Performance Plan with the priorities of the 7th Administration. In doing so, it ensured that every initiative would directly contribute to inclusive growth, poverty reduction, and the building of a capable, ethical, and developmental state. This alignment was not simply technical but was a declaration that MRTT's work is inseparable from the broader provincial and national agenda.

Equally important was the repositioning of MRTT as a credible and responsive institution. Stakeholders left the session with renewed confidence in its systems, governance, and accountability structures. By integrating lessons and recommendations from the previous financial year, MRTT demonstrated its ability to learn, adapt, and strengthen its operational foundation.

The planning also placed communities at the center. Special emphasis was given to empowering marginalized groups particularly youth and women through inclusive, market-relevant programmes. This reaffirmed MRTT's social mandate: to ensure that skills development is not only about economic participation but also about dignity, opportunity, and transformation.

The session deepened collaboration with facilitators, guest speakers, and partners, ensuring that MRTT's programmes remain responsive to evolving industry needs. This spirit of partnership underscored the belief that transformation is a collective endeavour, requiring the combined efforts of government, business, and civil society.

Looking forward, the session set a bold agenda for growth. MRTT committed to expanding training opportunities, strengthening the local economy, and entrenching its position as a provincial leader in vocational training. The vision that emerged was one of impact and sustainability an institution not only delivering programmes but shaping futures and transforming communities.

In essence, the strategic planning session was a turning point. It renewed purpose, restored confidence, and charted a path toward greater impact. MRTT stands ready to deliver on its mandate with vigour, ensuring that the youth of Mpumalanga are empowered, communities are uplifted, and the province continues its journey toward shared prosperity.

CHALLENGES FACED BY BOARD

The 2025/26 financial year was marked by both progress and pressure, and the Board of the Mpumalanga Regional Training Trust (MRTT) was required to navigate a complex set of challenges. Among these were financial constraints, which limited the expansion of programmes and slowed the pace at which new initiatives could be rolled out. This placed the Board in the difficult position of balancing ambition with fiscal reality, ensuring that resources were directed to the most impactful areas.

Infrastructure gaps also weighed heavily on the institution. In rural and underserved communities, inadequate facilities made it difficult to deliver training equitably. The Board recognized that without significant investment in infrastructure, the reach and quality of MRTT's programmes would remain uneven, and this became a recurring theme in its deliberations.

The rapidly changing demands of industry added another layer of complexity. As markets evolved, curricula had to be continuously adapted, placing pressure on planning cycles and resource allocation. The Board was challenged to ensure that MRTT remained agile and responsive, while still maintaining stability in its core offerings.

Governance and accountability concerns were highlighted by the Auditor-General, whose reports pointed to weaknesses in financial reporting, deficiencies in asset management, and instability in leadership. The most sobering of these findings was the material uncertainty raised about MRTT's ability to continue as a going concern if systemic issues were not decisively addressed. For the Board, this was a call to action: to strengthen oversight, tighten controls, and restore confidence in the institution's governance.

Leadership instability compounded these pressures. Periods of transition at the executive level created challenges in maintaining consistent strategic direction. The Board had to step in more actively to provide guidance and ensure continuity, reinforcing its role as the custodian of MRTT's mandate.

Yet, despite these challenges, the Board remained steadfast. It provided strategic leadership, guided corrective measures, and ensured that MRTT stayed focused on its mission of empowering youth and communities through skills development. The difficulties of 2025/26 were real and significant, but they also served as catalysts for reform, resilience, and renewal.

CONCLUSION

As we conclude the 2025/26 financial year, the Mpumalanga Regional Training Trust stands as a symbol of perseverance and progress. Despite the challenges faced, our achievements reflect the unwavering commitment of our Board, management, staff, and partners to empower the youth and communities of our province.

The strides made in skills development, entrepreneurship, and community upliftment are not only milestones of performance but also markers of transformation. They remind us that every learner trained, every programme delivered, and every partnership forged brings us closer to a future of shared prosperity.

Looking ahead, MRTT enters the 2026/27 financial year with renewed confidence, strengthened systems, and a clear strategic direction. We remain steadfast in our mission to expand opportunities, restore hope, and entrench Mpumalanga as a hub of skills excellence and socio-economic growth.

Together, we will continue to build a capable, ethical, and developmental institution that serves as a beacon of opportunity for generations to come.

Petros Maoko
Chairperson of the Board: MRTT
25 August 2026

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

MR. CD MAEBELA
CHIEF EXECUTIVE OFFICER

During the 2026 Medium-Term Expenditure Framework (MTEF) period, MRTT received an initial allocation of R92.5 million from the Department. The entity subsequently submitted an adjustment budget request of R13.9 million to the Department of Education and Provincial Treasury to enhance delivery of vocational training programmes aligned to the economic needs of Mpumalanga Province. Following the provincial budget adjustment process, an additional R10.6 million was approved, increasing the total government allocation to R103.1 million.

Revenue generation remained under pressure during the year due to challenging economic conditions and sector-specific constraints.

SPENDING TRENDS OF THE PUBLIC ENTITY

During the year under review, the entity strengthened expenditure management and implemented tighter budgetary controls to improve spending discipline. align spending with approved budgets and planned activities. System-based procurement processes were introduced to ensure that all procurement transactions are linked to the approved budget votes. These controls contributed to improved alignment between spending and approved plans. The entity recorded an underspending of R5 035 720 against Goods & Services budget. The underspending mainly relates to projects and operational activities that could not be fully implemented before year-end. While underspending occurred in certain areas, the overall spending trends reflects improved financial governance and enhanced budget monitoring compared to previous years, where the entity experienced budget overspending.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

The entity continued to operate within constrained capacity, particularly in relation to critical technical and administrative functions. These limitations have impacted the optimal execution of certain operational priorities and programmes delivery. Notwithstanding these challenges, management has implemented interim measures to mitigate risks, including reliance on targeted outsourcing, prioritisation of key deliverables, and phased implementation approaches. A comprehensive capacity enhancement strategy is being pursued to strengthen institutional capability, improve efficiency, and ensure sustained delivery against the Entity's mandate.

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

During the period under review, not all strategic or operational programmes were discontinued. The majority of activities outlined in the Annual Performance Plan (APP) were successfully implemented as planned.

However, despite this overall progress, 8 indicators were not achieved. This shortfall highlights areas requiring closer attention and improved alignment between programme design, resource allocation, and execution capacity.

However, as part of a broader organisational optimisation initiative, the Provincial Executive Committee and the Board of Directors approved the deregistration of MISH. The Entity was deregistered on the 26 May 2026 by the CIPC.

"As part of its strategic repositioning and drive for organisational efficiency, the Entity plans to integrate the functions of MISH into Programme 4 of MRTT. This initiative is intended to streamline operations, optimise resource utilisation, and strengthen programme delivery in support of the Entity's mandate. "

NEW OR PROPOSED KEY ACTIVITIES

As part of its strategic repositioning and drive for organisational efficiency, the Entity plans to integrate the functions of MISH into Programme 4 of MRTT. This initiative is intended to streamline operations, optimise resource utilisation, and strengthen programme delivery in support of the Entity's mandate. The transfer of functions will be implemented in accordance with the requirements of GRAP 105 once the deregistration process with CIPC has been finalised.

REQUESTS FOR ROLL OVER OF FUNDS

During the 2025/2026 financial year, MRTT recorded an underspending of R3 804 292 against the approved Goods and Services budget. The underspending mainly related to the planned activities and projects that could not be fully implemented before year-end. In line with the requirement applicable to Schedule 3C public entities, the Entity is intending to submit a request to the relevant authority for the roll-over of the unspent funds following the finalisation and audit of the 2025/2026 Annual Financial Statements.

SUPPLY CHAIN MANAGEMENT

The Entity continued to strengthen and professionalise its Supply Chain Management (SCM) environment during the year under review. The SCM policy was reviewed and approved by the Board of Directors. Targeted capacity-building initiatives were implemented through training provided by Provincial and National Treasury for officials serving on Bid Committees. Although the unit remains constrained in terms of capacity, notable progress was made in enhancing compliance with SCM prescripts and improving the overall effectiveness of procurement processes. Continued focus will be placed on building institutional capacity and further strengthening governance and compliance within the SCM function.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

There were no unsolicited bid proposals during the year under review.

WHETHER SCM PROCESSES AND SYSTEMS IN PLACE

The Entity has strengthened its supply chain management environment by implementing system-based procurement processes designed to ensure compliance with applicable SCM prescripts. All procurement transactions are now linked to approved budget allocations, thereby enhancing financial controls, promoting transparency, and ensuring that procurement activities are conducted within available budget limits.

CHALLENGES EXPERIENCED AND HOW RESOLVED

The Entity's ability to secure discretionary grant funding was negatively affected by the placement of the relevant SETA under administration, resulting in the non-approval of funding intended to support learner programmes. This impacted the entity's planned revenue streams and programme implementation.

In addition, adverse weather conditions in the Lowveld area affected hotel operations, which contributed to lower-than anticipated revenue from hospitality services. Infrastructure challenges at training centre also limited the entity's capacity to fully optimise revenue-generating activities.

In response, the entity sought and obtained additional funding through the provincial adjustment budget process to support key programmes.

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

Management developed and implemented a comprehensive Audit Action Plan to address the findings raised in the previous audit. Progress has been closely monitored by governance structures and the Provincial Treasury to ensure timely resolution of identified issues.

Significant improvements were achieved during the year, including the strengthening of both electronic and hard-copy filling systems. Matters relating to material irregularities were investigated and appropriate consequence management will be implemented where applicable. The appointment of a Chief Financial Officer further enhanced the review processes and improved the overall quality the Annual Financial Statements. In addition, several key vacant positions were filled to strengthen internal capacity and improve the control environment.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

Going forward, the entity will continue to:

- Focus on diversifying revenue streams,
- Strengthening stakeholder partnerships.
- Repair and maintain the Hotel infrastructure to be able to attract new business, and
- Improving debt collection processes to enhance financial sustainability.

EVENTS AFTER THE REPORTING DATE

The Provincial Executive Committee and the Board of Directors approved the deregistration of MISH. The Entity was deregistered on the 26 May 2026 by the CIPC. In addition, a post-year-end R2 million legal settlement treated as an adjusting event.

ECONOMIC VIABILITY

Despite the negative economic outlook, the Entity is expected and planning to continue operating as a going concern.

ACKNOWLEDGEMENT/S OR APPRECIATION

As the Chief Executive Officer (CEO) I wish to extend sincere appreciation to the Board of Directors for their strategic guidance, oversight, and continued commitment to strengthening the governance and performance of the Entity. Appreciation is also extended to the Executive Management and all employees for their dedication, resilience, and unwavering efforts in delivering on the Entity's mandate under challenging operational conditions.

Special recognition is accorded to the Member of Executive Council for her leadership and continued support in advancing the strategic priorities of the entity. The CEO also acknowledges the role of oversight structures, including the Legislature, for the constructive engagement, accountability focus, and governance oversight, which continued to strengthen institutional performance and public accountability.

The collective contribution of all stakeholders remains instrumental in driving the entity's progress and sustaining its commitment to effective service delivery.

OTHER (INFORMATION THAT NEEDS TO BE COMMUNICATED TO USERS OF AFS)

I confirm, to the best of my knowledge and belief, that there are no further material matters or additional information that require disclosure to the users of the Annual Financial Statements, other than those already presented in the accompanying financial statements and notes thereto.

Mr. CD Maebela
Chief Executive
Mpumalanga Regional Training Trust
25 August 2026

6. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report 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 GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control 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 2026.

Yours faithfully,

Mr PP Maoko
Chairperson: MRTT Board
Mpumalanga Regional Training Trust
Date: 25 August 2026

Mr. CD Maebela
Chief Executive Officer
Mpumalanga Regional Training Trust
Date: 25 August 2026

MRTT

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: Taking responsibility for actions ensuring transparency in all decisions.

Commitment: A firm dedication to achieving excellence in the execution of our mandate.

Innovation: Encouraging creativity and adopting forward thinking solutions to improve continuously.

Integrity: Acting with honesty and ethical principles in all interactions and operations

Professionalism: Maintaining high standards of conduct, expertise, and respect in all activities.

Responsiveness: Promptly respond to the needs of our stakeholders.

MRTT

8. LEGISLATIVE AND OTHER MANDATES

The Mpumalanga Regional Training Trust is registered as a Schedule 3 C entity in terms of the Public Finance Management Act, no 1 of 1999. MRTT is registered with the following:

- Registration under ETDP SETA: L10073499
- Company registration No.1993/006132/08 as per the Companies Act of 2008
- 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 and
- Registered as a National Training Provider with the Department of Labour, Registration No 5869

The MRTT derives its mandate from the legislation/policies listed in the table below

MANDATES	PURPOSE
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 provides for matters connected therewith
Labour Relations Act, No. 66 of 1995	Regulates the organisational rights of trade unions and promotes and facilitates collective bargaining at the workplace and 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	To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; 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.
White Paper on the Rights of People with Disabilities	It defines the rights and responsibilities of disabled persons and guarantees their protection and inclusion in the workplace and within the health sector.
National Strategic Plan on Gender-Based Violence and Femicide	It's a comprehensive strategy to address and end all forms of violence and abuse against women and children, including those based on age, location, disability, sexual orientation, gender identity, nationality and other diversities, and it is organized around six pillars.
Gender Responsive Planning Budget, Monitoring, Evaluation and Auditing (GRPBMEA)	It aims to mainstream gender considerations across all government policies, plans and budgets, ensuring resources are allocated and spent equitably and effectively to achieve gender equality.
South Africa's National Youth Policy 2020-2030	To improve the lives of young people in the country and address the changing needs of young people in the 21st century
Promotion of Equality and Prevention of Unfair Discrimination Act, Act No 4 of 2000	To promote equality and prevent discrimination in the country

The table below shows the linkage between different plans at international, continental and national levels and the contextualised MRTT contribution.

POLICY/INITIATIVE	RELEVANT GOALS/FOCUS AREAS	HOW WE DIRECTLY CONTRIBUTE	INTERVENTIONS
SUSTAINABLE DEVELOPMENT GOALS (SDG)	SDG 4 (Quality Education), SDG 8 (Decent Work & Economic Growth), SDG 5 (Gender Equality)	Our initiatives address SDG 4 by focusing on improving education quality and SDG 8 by fostering skills development, decent employment opportunities, and addressing gender inequality in line with SDG 5.	Developing educational infrastructure, promoting gender equality in education and work environments, and supporting SMEs.
AFRICAN UNION AGENDA 2063 (AUA)	Aspiration 1 (A prosperous Africa), Aspiration 6 (People-driven development), and Aspiration 3 (Good governance)	Our activities contribute to Aspiration 1 by enhancing education systems and promoting industrialisation and development while also supporting Aspiration 6 by ensuring equitable access to education and training for marginalised communities.	Partnering with African institutions for education and training, promoting equitable access to quality education.
NATIONAL DEVELOPMENT PLAN (NDP)	Education, skills development, job creation, economic growth	Our programs align with NDP's aim of enhancing skills development, increasing employability, and improving the quality of education in line with national priorities.	Training programs, education curriculum reforms, career guidance, and workforce skill development initiatives.
MEDIUM-TERM DEVELOPMENT PLAN (MTDP)	Economic transformation, social development, skills development, good governance	We contribute to the MTDP by aligning our education and skills programs with the economic and social development goals outlined in the plan, focusing on providing skills training for job creation and supporting governance through education for leadership and policy development.	Conducting leadership development programs offering skill-based training programs aligned with national goals.

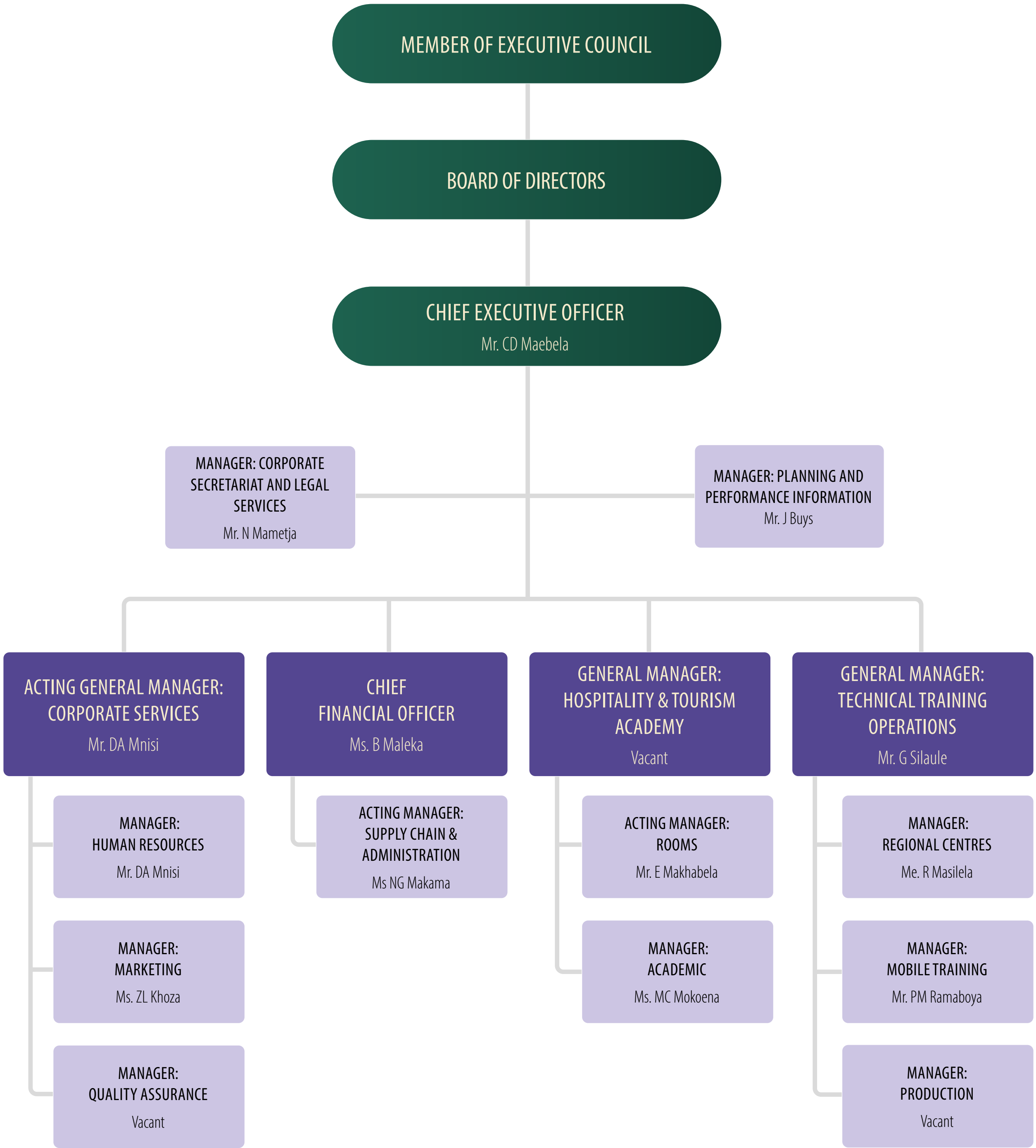
PROVINCIAL POLICY	MANDATE/PURPOSE	ALIGNMENT WITH NATIONAL POLICIES (NDP, SDG, AUA)	HOW MRTT CONTRIBUTES	MRTT INTERVENTIONS
PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY (PGDS)	It aims to promote economic growth, reduce poverty, enhance skills, and improve service delivery within the province.	This aligns with NDP's focus on poverty reduction, economic development, and skills improvement, as well as SDG 1 (No Poverty) and SDG 4 (Quality Education) at the provincial level.	MRTT contributes by providing vocational training and skills development, directly supporting the province's economic growth and poverty reduction strategies.	Training centres for technical and vocational skills development, partnerships with local businesses for employment placement programs.
PROVINCIAL EMPLOYMENT GROWTH STRATEGY	Focuses on creating employment opportunities, particularly for youth and marginalised communities, by enhancing skill development and promoting entrepreneurship.	Supports NDP's goals of job creation and SDG 8 (Decent Work and Economic Growth), focusing on addressing youth unemployment and promoting entrepreneurship in the province.	MRTT supports this by offering entrepreneurship training, career path guidance, and skill-building programs that enhance employability and support small businesses.	Career fairs, youth empowerment workshops, entrepreneurship boot camps, and start-up incubation programs.
PROVINCIAL SKILLS DEVELOPMENT STRATEGY	Aims to enhance the skills of the provincial workforce by promoting education, training, and learning opportunities.	Aligns with NDP and SDG 4 (Quality Education), focusing on creating a skilled workforce to support economic growth and innovation within the province.	MRTT directly contributes by designing and implementing training programs that cater to the needs of local industries, helping to reduce the provincial skills gap.	Collaboration with educational institutions to create skills training programs, on-the-job training for local industries, and certifications in critical skills areas.
PROVINCIAL INDUSTRIAL DEVELOPMENT STRATEGY	Focuses on promoting industrial development through investment in key sectors such as manufacturing, technology, and agro processing.	Aligns with NDP's economic transformation goals and SDG 9 (Industry, Innovation, and Infrastructure) by focusing on growing the industrial base of the province.	MRTT contributes by offering technical training in industrial sectors and working with provincial departments to ensure the development of relevant skills for the local workforce.	Industrial skills training programs, public-private partnerships for technology transfer, and technical certifications for manufacturing sectors.
PROVINCIAL HEALTH AND SAFETY STRATEGY	Ensures safe and healthy working environments by promoting occupational health and safety practices across sectors.	Supports SDG 3 (Good Health and Wellbeing) and SDG 8 (Decent Work and Economic Growth) by ensuring that workers are trained and protected in their workplace environments.	MRTT contributes by offering occupational health and safety training and raising awareness of workplace safety standards, especially in high-risk industries such as construction and manufacturing.	Occupational health and safety training workshops, certification programs for health and safety officers, and compliance training for local businesses.

PROVINCIAL POLICY	MANDATE/PURPOSE	ALIGNMENT WITH NATIONAL POLICIES (NDP, SDG, AUA)	HOW MRTT CONTRIBUTES	MRTT INTERVENTIONS
PROVINCIAL EDUCATION DEVELOPMENT STRATEGY	Aims to improve access to and quality of education at all levels within the province, focusing on under-resourced areas.	Aligns with SDG 4 (Quality Education) and NDP's goals of equitable access to education, especially in rural and marginalised communities.	MRTT contributes by providing access to educational resources, offering remedial training and skill-based programs, and improving educational infrastructure in under-served areas.	Educational infrastructure development projects, provision of teaching resources, and community-based education initiatives.
PROVINCIAL SUSTAINABLE DEVELOPMENT PLAN	Focuses on promoting sustainable development practices across economic, social, and environmental dimensions.	Aligns with SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production) by ensuring sustainable use of resources and promoting environmental protection.	MRTT contributes through programs that promote sustainable agricultural practices, environmental education, and the development of green skills for emerging industries such as renewable energy.	Environmental management training, green technology courses, and sustainability workshops for local businesses and farmers.

KEY INSIGHTS FROM THE ALIGNMENT

1. Skills Development and Employment Growth: Provincial policies on employment growth and skills development emphasise creating a skilled and capable workforce, especially for youth and marginalised communities. MRTT contributes by providing targeted vocational and technical training programs, preparing individuals for employment in local industries, and promoting entrepreneurship.
2. Industrial and Economic Development: Provincial industrial development strategies prioritise growth in sectors such as manufacturing and technology. MRTT plays a crucial role by offering specialised training to support industrial needs, aligning with both provincial and national goals of economic transformation.
3. Health and Safety: With the increasing focus on occupational health and safety, MRTT's contribution to training and capacitating health and safety officers ensures that the workforce is better prepared to handle risks, aligning with provincial health and safety mandates.
4. Sustainable Development: MRTT's focus on sustainability aligns with provincial priorities for environmental protection and resource management. Training in sustainable agricultural practices, environmental education, and green technology will help the province meet its sustainable development goals.
5. In conclusion, MRTT contributes significantly to both national and provincial goals by providing skills training, promoting employment and entrepreneurship, supporting industrial development, and fostering sustainable practices. By aligning its activities with the mandates outlined in both national and provincial policies, MRTT plays a vital role in driving long-term social and economic growth within the province.

9. ORGANISATIONAL STRUCTURE



10. MEMBERS OF THE BOARD OF DIRECTORS

PP MAOKO
CHAIRPERSON

MRS L MOTSHWANE
DEPUTY CHAIRPERSON

TR MOKGOSHI
NON-EXECUTIVE DIRECTOR

B NXUMALO
NON-EXECUTIVE DIRECTOR

MR HH NKANYANE
NON-EXECUTIVE DIRECTOR

MI TIBANE
NON-EXECUTIVE DIRECTOR

MRTT

PART B PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs certain audit procedures on the performance information. The level of assurance provided may be reasonable (an opinion), or limited (a conclusion) or none (findings) as predetermined by the AGSA. Assurance in the form of an audit opinion or conclusion on the usefulness and reliability of the reported performance information is currently included in the management report. Material findings are reported in the auditor's report.

Refer to page 74 of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

The financial year 2025/26 marks the 1st year towards the implementation of the 2025-2030 Strategic plan. In addition, this is the 1st year of GNU which has proven to be a challenge but the stride continues for positive change. The ongoing conflict in Ukraine has reverberated far beyond Europe, reshaping global energy, food, and fertilizer markets. For South Africa, and particularly Mpumalanga, these disruptions have translated into higher fuel costs, rising food prices, and increased agricultural input expenses. These pressures have strained household budgets, heightened poverty risks, and placed additional demands on government resources.

Despite these challenges, Mpumalanga remains steadfast in its commitment to service delivery. The province has responded by:

- Strengthening resilience in energy and transport to mitigate the impact of fuel price volatility on municipal services.
- Expanding agricultural support and training to reduce dependence on imported fertilizers and ensure food security.
- Enhancing social protection measures to cushion vulnerable communities against inflationary shocks.
- Promoting skills development in hospitality and tourism, positioning Mpumalanga as a destination of choice even in uncertain global conditions.

This moment calls for innovation and collective action. By leveraging local production, accelerating green energy adoption, and deepening partnerships across government, business, and civil society, Mpumalanga can transform global adversity into an opportunity for inclusive growth.

The province's response underscores a broader truth: while global crises may test our resolve, they also reveal the strength of our people and institutions. Mpumalanga will continue to deliver services that inspire hope, broaden opportunity, and drive socio-economic transformation for all.

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. During the financial year under review the G20 Summit took place marking the first G20 hosted in the African continent, during the preparations of these meetings it gave an opportunity for some the chefs from our Academy to be a part of the hosts as they were requested through the department of tourism to be a part of this planning process.

2.2. ORGANISATIONAL ENVIRONMENT

The Entity managed to reach a point of stability where a turnaround strategy has been developed to fill critical positions. The following are the critical positions that has been filled during the 2025/26 financial year:

- General Manager TTO
- Chief Finance Officer
- General Manager Corporate Services
- Manager HR
- Manager Performance
- Manager Legal
- Manager Academic at HTA
- Centre Manager TTO
- Quality Assurance Officer
- Health & Safety Officer
- Project Coordinator
- Facilitators (Welding, Automotive, Capentry)

After the filling of the critical posts it has been noted that there is an increase in the productivity and the quality of work produced by the Entity. It is also worth noting that 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 2025-2030 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,
- Provision of mentoring and coaching for workplace integrated learning,
- Assuring quality of training,
- Clean audit opinion,
- Increased learner 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 139 leaners trained on theoretical content on both Culinary and Hospitality studies. A further 86 learners were trained on customized training for the financial year. With regards to mentoring and coaching for workplace, 137 learners received practical work exposure on Rooms as well as Food and Beverage.

A total of 208 learners were trained on SAQA skills program and 88 were trained in full qualification. This indicates that there is a good appetite for the skills programme offered however the marketing strategy implemented also yielded these positive results. 150 learners were trained towards artisan development during the financial year under review. Lastly over 100 learners were placed to receive coaching and mentoring for the 2025/26 financial year. TTO managed to achieve 83% (5 out of 6) performance for the financial year under review.

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 99% of contractors are paid within 30 days to fast track service delivery. Of the companies that did business with the entity, 58% 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 has entered into 4 MoU's/SLA and MoA's for the financial year this meaning that the strengthened partnerships are working for the benefit of the Entity. The Entity was able to generate R15 847 042 in revenue as it was tasked to generate funds. The Entity is happy to report that the overall achievement for corporate service is at 56% indicating that it has achieved 5 out of the 9 indicators set for the financial year.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 PROGRAMME 1: HOSPITALITY AND TOURISM ACADEMY

PURPOSE OF THE PROGRAMME

Skills Development in the hospitality and tourism academy, as per QCTO, CATHSSETA, and related sectors, identified scarce and critical skills within the prescribed standards to enable meaningful participation in the development of the industry. The programme has been divided into the following 3 sub-programmes:

SUB-PROGRAMMES

- Academic
- Rooms
- Food and Beverage

PURPOSE OF THE SUB PROGRAMMES

SUB-PROGRAMME: ACADEMIC

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

SUB-PROGRAMME: ROOMS

Business Focus: 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.

SUB-PROGRAMME: FOOD AND BEVERAGE

Provide coaching and mentoring of learners in the workplace and successful management of food and beverage operations.

INSTITUTIONAL OUTCOMES

HTA ensures the provision of theoretical and practical skills training in a graded and accredited establishment.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

During the period under review, no revisions were made to the Annual Performance Plan for 2025/26. The Hospitality Training Academy (HTA) achieved 50% (3 out of 6) of its planned targets.

- Learner Training (SAQA Accredited National Certificate): An annual target of 110 learners was set. A total of 114 learners were trained, exceeding the target by four. This overachievement is attributed to the high demand for Culinary Studies.
- Customized Training: A target of 140 learners was set. HTA trained 86 learners.
- Indicator POI 104 is a new indicator and was planned to be achieved for the 2026/27 financial year .
- Coaching and Mentoring (National Certificate): 112 learners were placed for coaching and mentoring under the SAQA accredited national certificate programme.
- Skills Programme (SAQA Accredited): A target of 30 learners was set. 25 learners were trained, reflecting a shortfall of five due to limited interest in the Bar Attendance Programme.
- POI 106 was under achieved by 5 learners due to the fact that more learners are scheduled for workplace training during the last week of September.

Despite the non-achievement of three indicators, the programme performed well overall. The strong uptake in Culinary Studies and customized training highlights HTA's responsiveness to market demand. With improved planning and targeted learner engagement, the hospitality field is expected to see enhanced performance in the upcoming financial year.

REPORT AGAINST THE ORIGINAL TABLED ANNUAL PERFORMANCE PLAN

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: HOSPITALITY AND TOURISM ACADEMY							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2024/2025	PLANNED ANNUAL TARGET 2025/2026	**ACTUAL ACHIEVEMENT 2025/2026	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/2026	REASONS FOR DEVIATIONS
OUTCOME: INCREASED SKILLS FOR JOB CREATION.							
Provision of theoretical & Practical Training	POI-101 Number of learners to receive training on SAQA accredited national certificate	102 learners	110 learners	110 learners	114 learners	+4	Target overachieved by 4 learners due to high demand for Culinary Studies.
	POI-102 Number of learners trained on SAQA-accredited skills programmes	New indicator	New indicator	30 learners	25 learners	-5	Target under achieved by 5 learners due to less number of learners enrolled in Bar Attendant.
	POI-103 Number of learners to receive customized training	70 learners	157 learners	140 learners	86 learners	-54	The schedule training could not take place due to unavailability of facilitator from NYDA.
Provision of APR & Trade testing	POI- 104 Number of candidates assessed and trade tested for the culinary qualification	New indicator	New indicator	0	0	0	Not applicable
Provision of Mentoring & coaching	POI-105 Number of learners receiving coaching and mentoring on SAQA accredited national certificate	170 learners	79 learners	110 learners	112 learners	+2	Target overachieved by 2 learners due to high demand for Culinary Studies
	POI-106 Number of learners receiving coaching and mentoring SAQA accredited skills programmes	New indicator	New indicator	30 learners	25 learners	-5	Target under achieved by 5 learners due to the fact that more learners are scheduled for workplace training during the last week of September

LINKING PERFORMANCE WITH BUDGETS

The Hospitality and Tourism Academy had a total budget of R22.904 million and incurred actual expenditure of R19.594 million, resulting in an overall underspending of R3.310 million (14.5% of budget). The largest variances were recorded in the Rooms sub-programme, which underspent by R2.060 million, and the Academic sub-programme, which underspent by R1.256 million. Food and Beverages spent marginally above budget by R6 000.

The underspending is consistent with the programme's performance results, where certain learner training and coaching targets were not fully achieved due to lower enrolment in some programmes and the unavailability of facilitators for scheduled training. Although the programme achieved only 50% of its planned performance targets, expenditure remained controlled and aligned with operational activities undertaken during the year.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

To ensure that all HTA targets are met in the new financial year, a change in the planning and reporting cycle has been implemented. By amending the quarterly reporting outline, HTA has positioned itself to not only achieve its set targets but also to:

- Expand learner participation by registering more young people in the hospitality sector.
- Promote Mpumalanga as a destination of choice through skills development that supports tourism and hospitality excellence.
- Enhance accountability and responsiveness by aligning reporting cycles with operational realities and learner demand.

This strategic adjustment reflects HTA's commitment to continuous improvement. By tightening the link between planning, reporting, and delivery, the Academy is set to drive higher performance, broaden access to accredited training, and contribute meaningfully to the socio-economic development of Mpumalanga.

PROGRAMME 1	2025/2026			2024/2025		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Rooms	11 497	9 437	2 060	4 764	4 854	-90
Academic	6 176	4 920	1 256	10 415	10 505	-90
Food & Beverages	5 231	5 237	-6	4 145	4 703	-558
Total	**22 904**	**19 594**	**3 310**	**19 324**	**20 062**	**-738**

3.2 PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

PURPOSE OF THE PROGRAMME

Develop skills in construction, manufacturing, metal trades, agriculture, mechanics, electrical, and related trades, including the provision of workplace training. The programme is divided into the following sub-programmes

SUB-PROGRAMMES

- Training Centres
- Mobile Training
- Technical Production

PURPOSE OF THE SUB PROGRAMMES

SUB-PROGRAMME: TRAINING CENTRES

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

SUB-PROGRAMME: MOBILE TRAINING

Business Focus: Provision of quality training through secured funded programmes, including skills programmes, learnerships and apprenticeships by upskilling and supporting unemployed youth in local municipality.

SUB-PROGRAMME: TECHNICAL PRODUCTION

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

INSTITUTIONAL OUTCOMES

To provide accredited construction, manufacturing and engineering related and agricultural skills training learners through institutional training, including customised skills training. In contributing towards this outcome, the entity envisages providing inclusive quality training that provides skills needed for economic growth, training 230 learners on both full qualifications and skills programmes.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

During the period under review, no revisions were made to the Annual Performance Plan for 2025/26. The Technical Training Operations (TTO) achieved 83% (5 out of 6) of its planned targets.

- Learner Training (SAQA Skills programme): An annual target of 200 learners was set. A total of 208 learners were trained, in SAQA skills programme exceeding the target by nine resulting in this target being overachieved. This overachievement is attributed to the implementation of the marketing strategy.
- 88 learners were trained in the full qualification and 150 trained towards artisan development.
- 98 candidates were assessed on RPL and thereafter trade tested.
- The Entity was able to secure four projects that could generate some income for the Entity.

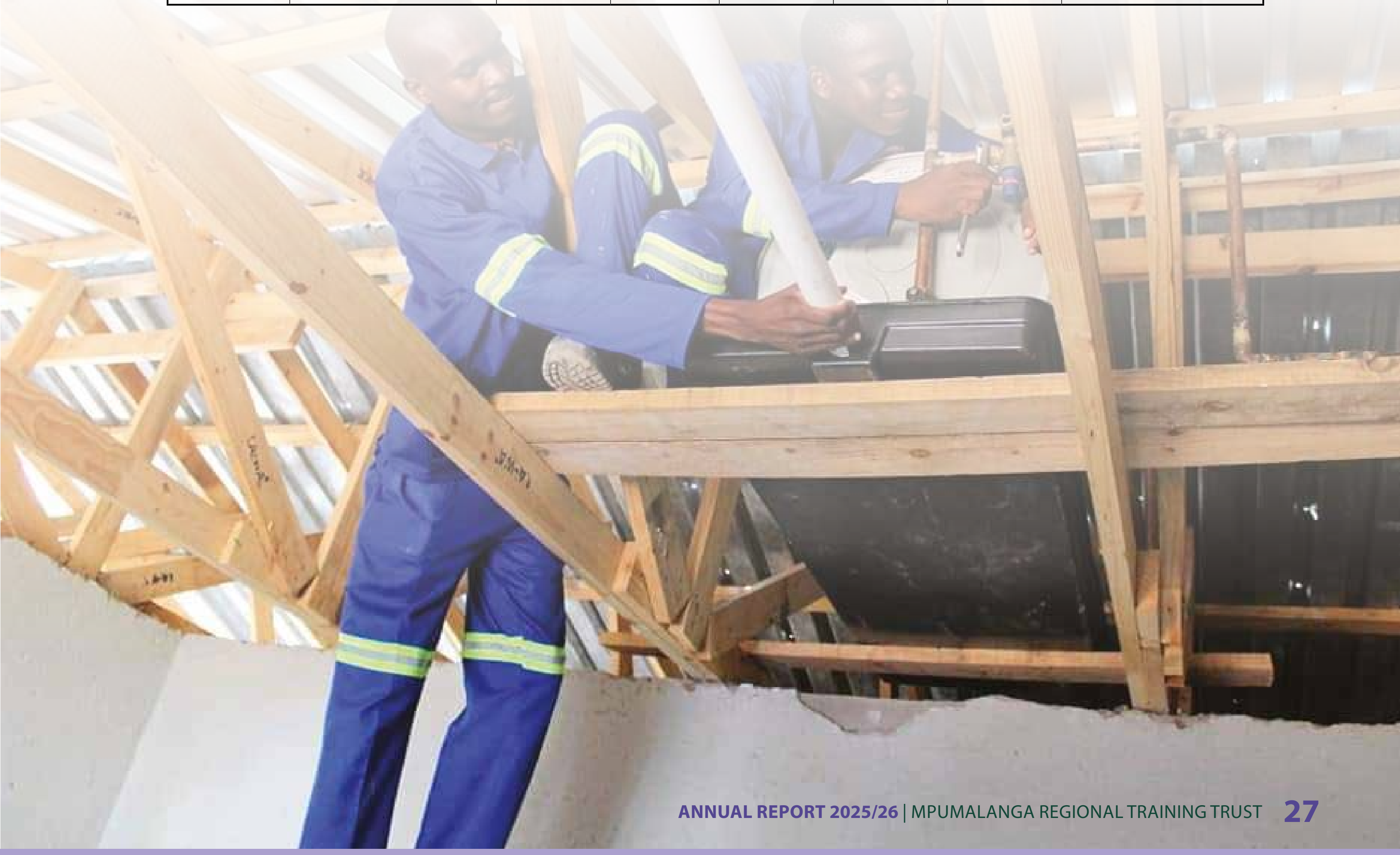
The overall performance for TTO was commendable as this is the vehicle that drives change for the youth and this reflects a good image that work placement and training is changing the lives of young people in the Province. The plan for the new financial year is to continue to train the youth and ensure that these figures are increased.

REPORT AGAINST THE ORIGINAL TABLED ANNUAL PERFORMANCE PLAN

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2024/2025	PLANNED ANNUAL TARGET 2025/2026	**ACTUAL ACHIEVEMENT 2025/2026	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/2026	REASONS FOR DEVIATIONS
OUTCOME: INCREASED SKILLS FOR JOB CREATION.							
Provision of theoretical & Practical Training	POI-201 Number of learners trained on SAQA skills programme	New indicator	New indicator	200 learners	208 learners	+8	The marketing strategy has been implemented resulting in the overachievement.
	POI-202 Number of learners trained in the full qualification	236 learners	249 learners	80 learners	88 learners	+8	The marketing strategy has been implemented resulting in the overachievement..
	POI-203 Number of learners trained towards Artisan Development	117 learners	113 learners	150 learners	150 learners	N/A	N/A
Provision of ARPL & Trade testing	POI-204 Number of candidates assessed on RPL & trade tested	53 candidates	60 candidates	60 candidates	98 candidates	+38	There has been vigorous marketing undertaken during the financial year resulting in the overachievement.
Provision of Mentoring & Coaching	POI-205 Number of learners receiving coaching and mentoring in the workplace	65 learners	133 learners	100 learners	35 learners	-65	Due to the delay in completing the knowledge modules, learners could not be placed for coaching and mentoring.
	POI-206 Number of projects secured	4	3	4	4	N/A	N/A



LINKING PERFORMANCE WITH BUDGETS

Technical Training Operations was allocated a budget of R34.089 million and spent R33.306 million, resulting in a modest underspending of R783 000 (2.3%). While some components overspent, including Operations GM (R867 000), NYS (R392 000) and Technical Training Operations (R865 000), these were largely offset by significant underspending in the Mobile Training component of R2.357 million and Artisan Development of R551 000.

The expenditure pattern demonstrates efficient utilisation of resources, particularly given that TTO achieved 83% of its planned performance targets and exceeded several key learner-training and artisan-development indicators. The slight overall underspending reflects prudent financial management while maintaining strong programme delivery and achieving most of the planned outputs.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Ensure that the calculation type for POI 205 is corrected in the new financial year which will ensure that the achievement can be added to achieve the annual target.

PROGRAMME 2	2025/2026			2024/2025		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Operations GM	2 752	3 619	-867	0	0	0
NYS	1 021	1 413	-392	0	0	0
CRDP	194	195	-1	1 090	1 125	-35
Artisan Development	774	223	551	706	729	-23
Technical Training Operations	19 786	20 651	-865	22 600	22 918	-318
Mobile	9 562	7 205	2 357	5 235	5 402	-167
Technical Production	0	0	0	4 217	4 352	-135
Total	**34 089**	**33 306**	**783**	**33 848**	**34 526**	**-678**

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.

SUB-PROGRAMMES

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.

Administration and Supply Chain Management: 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.

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

During the period under review, no revisions were made to the Annual Performance Plan for 2025/26. The Corporate Services Programme was able to achieve 56% (5 out of 9) of its planned targets.

Despite achieving the lowest performance from all other programmes in MRTT, there are some commendable achievements from the programme. It is noted that the Entity was able to submit and implement its EE plan for the year under review. The board charter was adhered to 100%. 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 58% 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 98% of all valid invoices received.

REPORT AGAINST THE ORIGINAL TABLED ANNUAL PERFORMANCE PLAN

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2024/2025	PLANNED ANNUAL TARGET 2025/2026	**ACTUAL ACHIEVEMENT 2025/2026	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/2026	REASONS FOR DEVIATIONS
OUTCOME: ETHICAL GOVERNANCE							
Effective and Accountable Board of Directors	POI-301 % Adherence to the Board Charter	New Indicator	New Indicator	100% adherence to the Board Charter	100% adherence to the Board Charter	N/A	N/A
Clean Audit Opinion	POI-302 Unqualified annual financial statements without any material misstatements	Qualified Audit opinion	Qualified audit opinion	Unqualified audit opinion	Qualified audit opinion	Qualified audit opinion	The Entity did not fully comply with GRAP standards resulting in the qualified opinion
Business Development	POI- 303 Number of new training courses acquired	New Indicator	New Indicator	4	2	-2	The underachievement is due to the delay in finalization of accreditation by QCTO.
Development and implementation of Employment Equity and Workplace Skills Plan	POI-304 Number of reports on the implementation of the EE plan	0 EE plan report submitted to Dept. of Employment and Labour	1 EE plan report submitted to Dept. of Employment and Labour	1	1 EE plan report submitted to Dept. of Employment and Labour	N/A	N/A
	POI- 305 Number of WSP/ATR submitted to ETDPSETA	1 WSP/ATR submitted to ETDPSETA	1 WSP/ATR submitted to ETDPSETA	1 WSP/ATR submitted to ETDPSETA	1 WSP/ATR submitted to ETDPSETA	N/A	N/A
Enhanced revenue generation	POI-306 Amount revenue generated	New Indicator	New Indicator	R21 822 000	R15 847 042	-R5 974 958	The leaking roof and infrastructure challenges at the HTA hotel negatively affected operations and made it difficult to attract guests, which further impacted revenue generation. The placement opf the SETA's under administration negatively affected revenue generation, as discretionary grants were not approved during this period.
Enhanced Partnerships and Collaboration with Stakeholders	POI-307 Number of MoUs/ MoAs/SLAs signed	New Indicator	New Indicator	4	4	N/A	N/A
Payment of suppliers paid within 30 days	POI-308 Percentage of creditors paid within 30 days of receipt of a valid invoice	93% creditors paid within 30 days	95,25% creditors paid within 30 days	100% creditors paid within 30 days	99% creditors paid within 30 days	-1%	The variance mainly relates to the payment arrangement with AGSA., wherein MRTT makes fixed monthly instalments over the audit period in line with an agreed payment plan.
Advance transformation and support to targeted groups	POI-309 Percentage preferential procurement spent on Targeted groups	71% spend on B-BBEE on goods and services	73.75% spend on HDI	30%	58%	+28%	The positive variance is due to the utilization of targeted groups for the procurement of goods and services.

LINKING PERFORMANCE WITH BUDGETS

Corporate Services had the largest budget allocation of R67.429 million and recorded actual expenditure of R58.273 million, resulting in a substantial underspending of R9.156 million (13.6%). Significant underspending was recorded in Finance (R3.864 million), CEO Office (R2.660 million), Administration (R1.692 million), and Human Resources (R765 000). The only overspending occurred within the Corporate Services component, which exceeded budget by R244 000.

The underspending reflects the programme's operational challenges during the year, including delays in accreditation processes, lower-than-expected revenue generation, infrastructure challenges at the HTA hotel, and the impact of non payment of discretionary grant funding. Despite these challenges, the programme achieved several governance and compliance objectives, including maintaining high levels of supplier payment performance and procurement from targeted groups.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Entity has put in place measures that will see the programme performing better in the new financial year. An implementable audit action plan has been developed and will be implemented to ensure that the Entity does not have repeat findings from the previous year. In addition, the Entity has also developed a payment plan to ensure that all invoices received within 30 days are paid. This payment plans safe guards the Entity from overspending and ensures that all invoices received are paid within the prescribed timeframes. The challenge with the leaking roof at HTA also made it difficult to generate revenue as it negatively affected operations. Another challenge was that discretionary grants were not approved during the financial year under review.

PROGRAMME 3	2025/2026			2024/2025		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Finance	17 790	13 926	3 864	11 917	12 997	-1 080
CEO	13 568	10 908	2 660	20 028	21 494	-1 466
Administration	20 027	18 376	1 692	12 344	13 444	-1 100
Marketing	3 277	3 062	215	1 806	1 891	-85
Quality Assurance	2 503	2 292	204	1 785	1 869	-84
Human Resource	7 007	6 242	765	4 975	5 777	-235
Corporate Services	3 257	3 911	-244	0	0	0
Total	**67 429**	**58 717**	**9 156**	**52 855**	**57 472**	**-4 050**

3.4 PROGRAMME 4: MPUMALANGA INNOVATION AND SKILLS HUB (MISH)

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 sectors require.

INSTITUTIONAL OUTCOMES

This programme aims to enhance the implementation of Information Communication Technology through its coordination role. A Project Plan will be developed to identify critical activities and milestones to be achieved.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The plan for MISH is to be deregistered as a stand-alone and the progress as at 31 March 2026 is that the progress is now at the provincial clusters wherein MRTT has submitted a request to deregister MISH with CIPC. This process is at an advanced stage awaiting a response from CIPC confirming the process has been completed.

REPORT AGAINST THE ORIGINAL TABLED ANNUAL PERFORMANCE PLAN

There were no revisions under this programme.

REPORT AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

PROGRAMME / SUB-PROGRAMME: TECHNICAL TRAINING OPERATIONS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2024/2025	PLANNED ANNUAL TARGET 2025/2026	**ACTUAL ACHIEVEMENT 2025/2026	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2025/2026	REASONS FOR DEVIATIONS
OUTCOME: ETHICAL GOVERNANCE							
The Mpumalanga Innovation and Skills Hub is fully registered, staffed, and operational	POI-401 % Adherence to Implementation of MISH Project Plan	New indicator	New indicator	100%	100%	N/A	N/A

LINKING PERFORMANCE WITH BUDGETS

Programme 4 had a budget allocation of R500 000 but incurred actual expenditure of R607 000, resulting in an overall overspending of R107 000. Although no expenditure was recorded against the main MISH budget allocation, expenditure of R607 000 was incurred under the MISH Entity component, resulting in the overall overspending position.

The expenditure variance must be viewed in the context of the programme's transitional status. During the year, MISH operated without dedicated employees, with MRTT officials providing support for financial reporting and administration. The programme is currently undergoing deregistration and integration into MRTT operations. Consequently, expenditure was mainly associated with maintaining administrative and compliance requirements during the deregistration process rather than implementing new operational activities.

PROGRAMME 4	2025/2026			2024/2025		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
MISH	500	0	500	5 493	0	5 493
MISH Entity	0	607	-607	0	1 169	-1 169
Total	**500**	**607**	**-107**	**5 493**	**1 169**	**4 324**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

MISH has been deregistered from CIPC and is now part of program four in MRTT.

MRTT

4. REVENUE COLLECTION

SOURCES OF REVENUE	2025/2026 ESTIMATE R'000	2025/2026 ACTUAL AMOUNT COLLECTED R'000	2025/2026 (OVER)/UNDER COLLECTION R'000	2024/2025 ESTIMATE R'000	2024/2025 ACTUAL AMOUNT COLLECTED R'000	2024/2025 (OVER)/UNDER COLLECTION R'000
Revenue from exchange transactions	21 821	14 508	7 313	22 150	20 761	1 389
Revenue from non-exchange transactions	103 100	103 865	-765	86 994	82 962	4 032
Total	**124 921**	**118 372**	**6 549**	**109 144**	**103 723**	**5 421**

Revenue collection performance was below target during the 2025/26 financial year, with total revenue of R118 372 million collected against a target of R124.921 million, resulting in an under-collection of R6 549 million (5.2%). The under-collection was primarily attributable to revenue from exchange transactions, where actual revenue of R14.508 million was generated against a target of R21.821 million, resulting in a shortfall of R7.313 million. Conversely, revenue from non-exchange transactions exceeded the budget by R765 000, with actual collections of R103.828 million compared to a budget of R103.100 million. The over-collection of grant funding and transfers partially offset the significant shortfall in self-generated revenue.

The underperformance in exchange revenue was mainly due to operational challenges experienced at the Hospitality and Tourism Academy (HTA), particularly the dilapidated infrastructure-related constraints at the hotel, which negatively affected occupancy levels and the ability to attract guests. A further challenge was that discretionary grants were not approved during the financial year under review., further limiting revenue-generating opportunities. Despite these challenges, MRTT generated R14,508 million in own revenue and continued to implement measures to strengthen revenue generation through enhanced stakeholder partnerships, improved marketing initiatives and tighter operational controls. Management expects revenue performance to improve once infrastructure challenges are addressed.

5. CAPITAL INVESTMENT

PROGRESS MADE ON IMPLEMENTING THE CAPITAL INVESTMENT AND ASSET MANAGEMENT PLAN

During the 2025/26 financial year, MRTT continued to implement its capital investment and asset management plan through the acquisition of assets valued at R2.717 million. Capital expenditure was primarily directed towards the acquisition of motor vehicles amounting to R1.274 million and IT equipment amounting to R891 322, reflecting management's commitment to strengthening operational capacity, enhancing service delivery and supporting training activities. Additional investments were made in plant and machinery, office equipment and domestic equipment to improve organisational efficiency and asset sustainability.

INFRASTRUCTURE PROJECTS COMPLETED DURING THE YEAR:

No major infrastructure projects were completed during the financial year. Capital expenditure was mainly focused on movable assets required to support operational and training activities. Consequently, there were no material variances between planned and actual infrastructure projects requiring disclosure.

INFRASTRUCTURE PROJECTS IN PROGRESS:

No significant infrastructure projects were in progress during the year under review. Capital investment activities focused primarily on asset acquisitions and replacement of operational equipment.

PLANS TO CLOSE DOWN OR DOWNGRADE FACILITIES

There were no approved plans during the reporting period to close down or downgrade any operational facilities. Existing facilities continue to support the entity's strategic objectives and service delivery mandate.

PROGRESS MADE ON MAINTENANCE OF INFRASTRUCTURE

The entity continued to undertake maintenance activities aimed at preserving the functionality and service potential of its assets. Asset condition assessments conducted during the year formed part of management's maintenance planning process and assisted in identifying assets requiring refurbishment, repair or replacement.

DEVELOPMENTS EXPECTED TO IMPACT CURRENT EXPENDITURE

The condition assessment revealed that 509 assets are currently classified as poor or very poor condition. This may increase maintenance and replacement expenditure in future financial years as management prioritises the refurbishment and replacement of ageing assets. The high number of assets classified as fair condition further highlights the need for continued preventative maintenance interventions to prevent deterioration and minimise future capital replacement costs.

CHANGES IN ASSET HOLDINGS DURING THE YEAR

The entity recorded total asset additions of R2.717 million and disposals of R314 305 during the financial year. The largest additions related to motor vehicles (R1.274 million) and IT equipment (R891 322). Asset disposals mainly related to IT equipment amounting to R233 400 and plant and machinery amounting to R 73 412. These disposals were largely attributable to obsolete, damaged or stolen assets that no longer provided economic benefits or service potential. Overall, additions exceeded disposals, resulting in a net increase in the entity's asset base.

MEASURES TAKEN TO ENSURE THE ASSET REGISTER REMAINED UP TO DATE

Management continued to implement asset management controls, including periodic asset verification exercises, condition assessments, recording of asset acquisitions and disposals, and reconciliation of the asset register to supporting documentation. These measures ensured that the asset register remained complete, accurate and compliant with applicable accounting and asset management requirements.

CURRENT STATE OF CAPITAL ASSETS

The condition assessment indicates that the majority of MRTT's assets remain in a serviceable condition. Of the 4 852 assets assessed, 71 assets (1.5%) were classified as very good, 761 assets (15.7%) as good and 3 511 assets (72.3%) as fair. A total of 389 assets (8.0%) were classified as poor and 120 assets (2.5%) as very poor. This means that approximately 89.5% of the asset base remains in fair-to-excellent condition, while 10.5% requires prioritised maintenance, refurbishment or replacement.

MRTT

MAJOR MAINTENANCE PROJECTS UNDERTAKEN DURING THE YEAR

Maintenance activities undertaken during the year focused on preserving the functionality of existing assets and ensuring continued operational effectiveness. No major capital maintenance projects were undertaken during the reporting period.

PROGRESS MADE IN ADDRESSING THE MAINTENANCE BACKLOG

The asset condition assessment indicates that the majority of assets remain in fair or better condition, demonstrating progress in preserving the asset base. However, the existence of 509 assets classified as poor and very poor suggests that a maintenance backlog remains. Management continues to prioritise preventative maintenance, asset replacement and refurbishment initiatives to prevent further deterioration and progressively reduce the backlog. Future maintenance planning will focus on assets that present the greatest operational and service delivery risks.

	2025/2026			2024/2025		
INFRASTRUCTURE PROJECTS	ESTIMATE R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	ESTIMATE R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Machinery, Equipment, Vehicles	4 201	2 671	1 530	1 805	582	1 223
Total	**4 201**	**2 671**	**1530**	**1 805**	**582**	**1 223**

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

COMMITTEE	DATES	ISSUES RAISED	ACTIONS
PORTFOLIO COMMITTEE ON EDUCATION MRTT FIRST (1st) QUARTER PERFORMANCE REPORT FOR THE 2025/26 FINANCIAL YEAR.	22 September 2025	1. Can the Accounting Officer indicate the number of vacant posts not filled in programme 1? 2. How will the Accounting Officer plan to circumvent the over-expenditure compensation in programme 2? 3. What strategies will be employed to ensure the entity responds to the needs of stakeholders and the market? 4. How much accruals stemming from the previous financial years? 5. Can the Accounting Officer provide the Committee with a detailed MISH project plan?	1. The Accounting Officer can indicate that the number of vacant post is 11: 2. The unfavorable variance will break even during the year as the ECD projects will be finalized in the 2nd quarter as well as the CRDP and NYS projects which were budgeted to be completed in the 2nd quarter and will also break even during the year as they were budgeted for up to end of 2nd quarter. 3. The initial offer agreement was plumbing and carpentry programmes as identified by the client and stakeholder (CETA). However, during consultations with the beneficiaries, their interests shifted towards green energy training offering. This change in programme offering informed the adjustment of the curriculum, which in turn delayed the commencement of the training programme. The entity had to realign its offering to meet the needs and expectations of the beneficiaries. 4. The accruals stemming from the previous financial year amount to R449 561. 5. The Accounting Officer can respond that MISH is currently in the deregistration process wherein the memorandum seeking approval to deregister the entity has been submitted through the clusters to EXCO for approval.
QUESTION PAPER FOR ORAL REPLY TO THE MEMBERS OF THE EXECUTIVE COUNCIL.	03 October 2025	Can the Honorable MEC provide a reflection in terms of the mandate of the entity	As a public entity reporting through the Board of Directors to the Member of the Executive Council (MEC) for education in the Mpumalanga province, MRTT is mandated to develop the human resource base of the Mpumalanga province through the provision of experiential, practical, technical, hospitality, tourism, entrepreneurship and life skills training. The focus is to empower learners, primarily from disadvantaged communities, especially the youth, industry workers and government employees, to participate in the broader economic sphere of the province.
QUESTIONS TO OVERSIGHT FOR MRTT ON SECOND QUARTER PERFORMANCE REPORT 2025/26 FY	25 November 2025	May the Accounting Authority explain the measures put in place to overcome the projected overspending by the end of 2025/26 financial year?	The Accounting Authority introduced targeted controls to stop projected overspending in 2025/26. • Tight review of all procurement requests before approval. • Weekly cash flow tracking to flag pressure points early. • Reduction of travel kilometres. • Prioritisation of core programmes only. • Implementation of online budget system linked to the procurement system. • Quarterly reviews with programme managers to enforce spending limits.
OVERSIGHT QUESTIONS TO MRTT THIRD QUARTER PERFORMANCE 2025/26	05 March 2026	What effective mechanism developed to fast track the payment of invoices within the stipulated time frame to avoid accruals?	The Accounting Officer can explain that all invoices were settled within 30 days, except for the AGSA invoice relating to the 2024/2025 financial year audit, which is being paid in terms of an approved payment arrangement.

COMMITTEE	DATES	ISSUES RAISED	ACTIONS
FOURTH QUARTER PERFORMANCE ANALYSIS MRTT 2025/26 FY	29 May 2026	1. Can the Accounting Authority explain the R15, 086, 000.00 material underspending by the end of the fourth quarter review of 2025/26 financial year?	1. The Accounting Authority can explain the material underspending was primarily attributable to the delay in funding from SETA Discretionary Grant, as the SETA was placed under administration. This resulted in the Entity recruiting learners in the fourth quarter after securing the R10.6 million funding through budget adjustment process, hence the underspending. In addition, planned projects budgeted for implementation during the fourth quarter were not undertaken within the reporting period. Lastly, the existence of funded vacant positions also contributed to the overall the underspending.
		2. What is the progress in the filling of vacant posts within the MRTT?	2. The Accounting Authority can confirm that there is huge progress in the filling of vacant funded posts within the MRTT. All top management posts have been filled except the CEOs position. In addition ,critical posts like General Manager HTA, Chief Risk Officer and Supply Chain Manager have also been filled.
SCOPA RECOMMENDATIONS ON THE MRTT QUESTIONS FOR THE 2024/25 FINANCIAL YEAR.	31 March 2026	1. Why did the Accounting Authority not perform investigation on the fruitless and wasteful expenditure incurred in the prior year and during 2024/25 financial year?	1. The Accounting officer did perform the determination test with regard to prior year of the F&W expenditure incurred. A draft report has been submitted pending approval from the Board and its sub-committees. The F&W expenditure for 2024/2025 is as follows: Prior year The entity had cash flow challenges and failed to pay SARS timeously and incurred interest and penalties Current year 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 honour the commitment to reverse the charges. Management has received credit notes of the full interest and penalties from AGSA reversing the amount in full.

COMMITTEE	DATES	ISSUES RAISED	ACTIONS
		2. Take immediate and effective steps to strengthen oversight into the implementation of the Auditor-General's Audit Action Plan to prevent repeated material findings and qualifications.	2. The Accounting Officer confirms that the Audit Action Plan on Property, Plant and Equipment (PPE) has been implemented. Key actions undertaken: • Performed full assets verification, useful life reassessment, and depreciation recalculation. • Reviewed the Asset Management Policy and was proved by the Board. • Developed a methodology on impairment and assessment of useful life. • Reviewed the work performed by the appointed service provider. • Updated the Accounting Policy. • Implement monthly reconciliation between the asset register and general ledger. • Submitted the asset register to AGSA for review The entity further confirms that the appointed service provider has performed a comprehensive verification of all assets, reviewed the useful life and associated journal adjustments. The methodology applied for useful life assessments and prior-period error corrections have been aligned with GRAP 17 requirements. Continuous efforts are being made to address audit findings and ensure completeness and accuracy of the asset register to improve audit outcomes.

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

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO.OF MEETINGS ATTENDED
Mr PP Maoko	Chairperson	03 December 2018	Still serving	• Certificate Programme in Industrial Relations • Certificate in Labour Studies	Former CEO CETA, Secretariat Pillar Head at National Union of Mineworkers (NUM)	• Former Board Member of SASSETA, EBMTC College and EWSETA • Former CEO CETA • Board Member at EBMTC College • Former National Education officer at NUM • Former Member of National Skills Authority • Member of various Committees	Board Chairperson	18
Ms LM Motshwane	Deputy Chairperson	03 December 2018	Still serving	• Secondary Teachers Diploma, • Ace (Education Management), • Basic Financial 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	31

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO.OF MEETINGS ATTENDED
Mr MI Tibane	Board Member	03 December 2018	Still serving	• Certificate Programme in Management Development for Municipal Finance • Certificate in Construction Contracting • Certificate in Communication	Former Ward Councillor Former PA to Executive Mayor to Steve Tshwete Local Municipality	• Current Deputy Secretary of the SACP • Member of Regional Committee Appeals Committee of the Department of Labour	Chairperson of Finance & REMCO Member of Marketing & Technical Committee	42
Mr B Nxumalo	Board Member	03 December 2018	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 2018	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 2018	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	36
Dr 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, Doctor of Business Administration	Financial, Audit & Risk Management	• Audit Committee Member - QCTO, Chairperson of Risk and Management Committee – Mpumalanga Department of Economic Development and 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.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Senior Management Committee	6	6	• Mr C Maebela • Ms B Maleka • Mr G Silaule • Mr N Mametja • Mr A Mnisi • Ms N Sithole – Secretariat
Audit and Risk Committee	7	4	• Dr D Dlamini • Mrs L Motshwane • Mr B Nxumalo • Mr H Nkanyane
Finance and Remuneration Committee	18	3	• Mr M Tibane • Mrs L Motshwane • Mr T Mokgoshi
Marketing and Technical Committee	6	4	• Mr B Nxumalo • Mr M Tibane • Mr H Nkanyane • Mr T Mokgoshi
Risk Management Committee	5	6	• Dr N Madiba • Mr C Maebela • Ms B Maleka • Mr G Silaule • Mr A Mnisi • Mr N Mametja
Board of Directors	18	6	• Mr P Maoko • Mrs L Motshwane • Mr M Tibane • Mr B Nxumalo • Mr H Nkanyane • Mr T 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	R5 607-00
Deputy Chairperson:	R4 766-00
Members	R4 169-00

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

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 are 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 2025-26 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)

1. Audit assessments include evaluating whether:
2. Risks relating to the achievement of MRTT`s strategic objectives are appropriately identified and managed.
3. 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.
4. The results of operations or programmes are consistent with established goals and objectives.
5. Operations or programmess are being carried out effectively and efficiently.
6. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact MRTT
7. Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
8. 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 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 2025/2026 financial year
- Internal Audit Charter 2025/2026 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.

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	7
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	7
Mr. B Nxumalo	• Certificate in Executive Leadership in Municipal Development	External	External	03 December 2021	Not applicable	7
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	7

8. AUDIT COMMITTEES

COMPOSITION OF THE AUDIT COMMITTEE AND MEETING ATTENDANCE

The table below discloses relevant information on the audit committee members

NAME	QUALIFICATIONS	PROFESSIONAL AFFILIATION	APPOINTMENT: TERM OF OFFICE		NO. OF MEETINGS ATTENDED 2025/26		HAS THE AC MEMBER DECLARED PRIVATE AND BUSINESS INTERESTS IN EVERY MEETING?	IS THE AC MEMBER AN EMPLOYEE OF AN ORGAN OF STATE?	NO. OF OTHER ACS THAT THE MEMBER SERVED ON DURINGTHE REPORTING PERIOD	NO. OF OTHER GOVERNANCE STRUCTURES THE MEMBER SERVED ON DURING THE REPORTING PERIOD
			DATE APPOINTED	DATE RESIGNED	ORDINARY EETINGS	SPECIAL MEETINGS				
Dr D Dlamini	• National Diploma in Accounting • Bachelor of Technology in Taxation • Post Graduate Diploma in Business Management • Master of Commerce • Doctor of Business Administration		01 April 2023	Still serving	5	2	Yes	No	2	2
Ms LM Motshwane	• Secondary Teachers Diploma • Ace (Education Management) • Basic Financial 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		03 December 2021	Still serving	5	2	Yes	Yes	11	11
Mr B Nxumalo	• Certificate in Executive Leadership in Municipal Development		03 December 2021	Still serving	28	2	Yes	Yes	0	2
Mr HH Nkanyane	• Master of Philosophy • Master of Business Leadership • Certified Information System Auditor (CISA) • Certified Internal Auditor (CIA) • Post Graduate Diploma: Compliance Management • B.Tech Cost and Management Accounting	CISA CIA	03 December 2021	Still serving	29	2	Yes	Yes	2	2

9. 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.

10. 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.

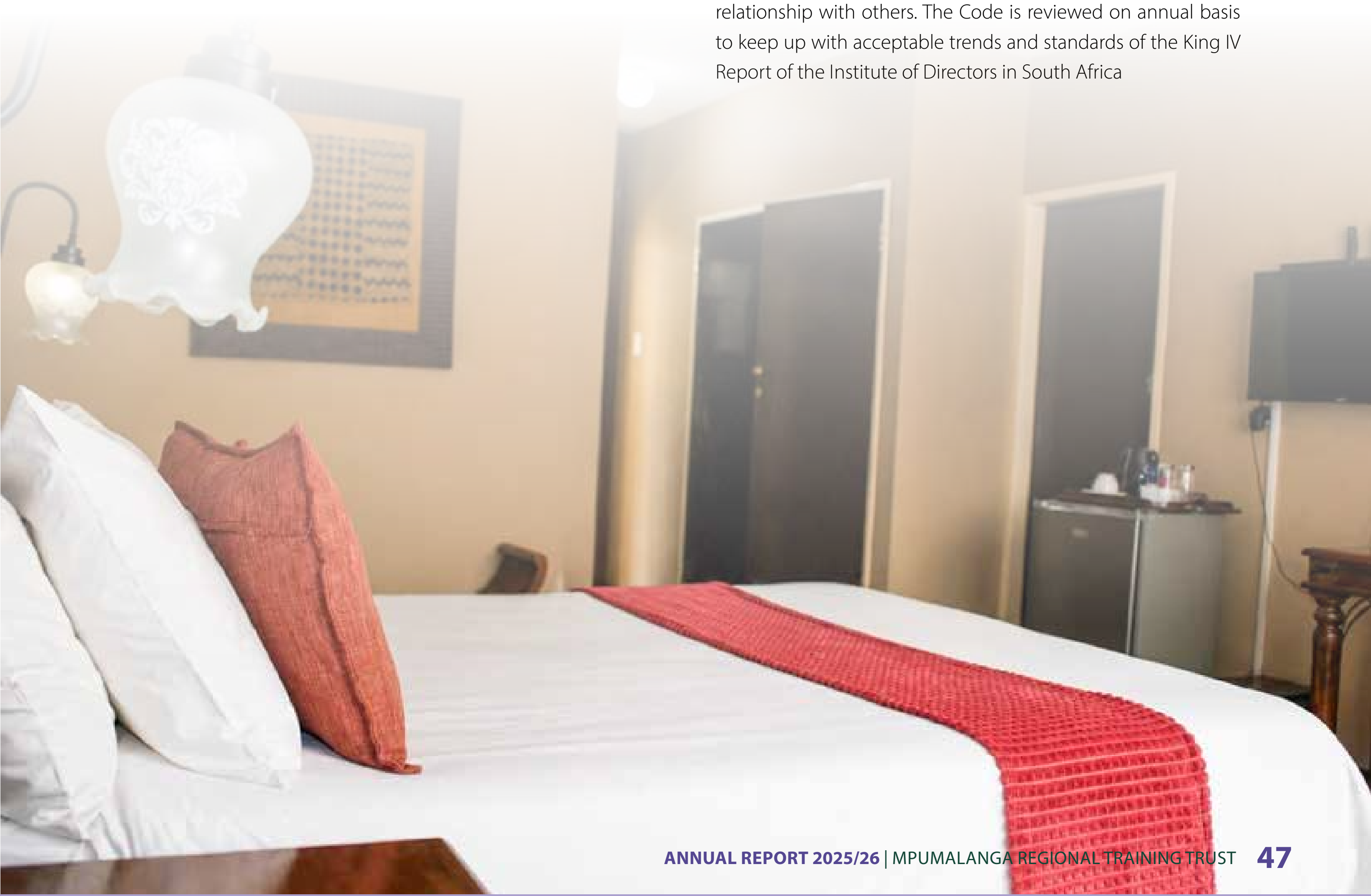
11. MINIMISING CONFLICT OF INTEREST

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.

12. 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



13. 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.

In the financial year under review, the Entity assessed the compliance standards of the centres as illustrated below.

14. COMPANY /BOARD SECRETARY

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 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.

15. SOCIAL RESPONSIBILITY

Provide a summary of what the public entity has accomplished during the year in meeting its social responsibility.

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

16. AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the financial year ended 31 March 2026, 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.

The Committee notes management's assessment that the going-concern basis remains appropriate, while acknowledging the material uncertainty highlighted by the Auditor-General.

The Committee held five regular meetings and two special meetings during the 2026 financial year. The Committee reported to the Board after each meeting.

The names of the members and attendance at meetings are recorded in the table below:

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED DURING 2026
Dr DS Dlamini: Chairperson	7
Ms L Motshwane	7
Mr B Nxumalo	7
Mr H Nkanyane	7
Dr N Siwahla-Madiba*	7

*Risk Management Committee Chairperson

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.

INTERNAL AND EXTERNAL AUDITORS

The internal audit function during the year under review was not undertaken for most part of the year and a consulting company was subsequently appointed towards the end of the financial year, with Auditor-General of South Africa serving as the external auditors.

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 remained partially effective, with significant deficiencies requiring urgent remediation. 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 2025/2026 financial year.

- Approved MRTT Internal Audit Coverage Plan for 2025/2026 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 in the annual financial statements raised by the Auditor-General of South Africa, which needs to be addressed by Management.

IN-YEAR MANAGEMENT AND QUARTERLY REPORT

In the year under review MRTT has submitted 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).

EVALUATION OF FINANCIAL STATEMENTS

The Committee has:

(a) reviewed the audited annual financial statements;

(b) reviewed external audit management letter and management responses;

(c) reviewed significant adjustments resulting from the audit; and

(d) the Committee had solicited inputs of the external auditors who encouraged rigorous controls, accounting and disclosure measures.

GOING CONCERN BASIS OF ACCOUNTING

The going-concern basis remains appropriate based on management's plans/support assumptions, but a material uncertainty exists that may cast significant doubt on MRTT's ability to continue as a going concern.

RISK MANAGEMENT

Management has implemented internal control processes to identify, evaluate, and manage significant risks to the achievement of entity's objectives. The risk management function was not capacitated for most part of the financial year. The Committee is not satisfied that the measures are effective in mitigating the identified.

REVIEW FINANCE FUNCTION

MRTT Finance function does not have sufficient capacity and require expertise to deal with complex finance related issues raised by the Auditor-General of South Africa. The matter has been referred to Remuneration Committee for consideration, the CFO was appointed during the year, however more skilled staff are still required.

AUDITOR'S REPORT

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are not satisfied that the matters have been adequately resolved including for the items raised in the AGSA Report for the 2025/26 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

DBA, M.Com, CD(SA), ACMA, CGMA
Chairperson of the Audit Committee
Mpumalanga Regional Training Trust

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

CRITERIA	RESPONSE YES / NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	**N/A**	N/A
Developing and implementing a preferential procurement policy?	**N/A**	N/A
Determining qualification criteria for the sale of state-owned enterprises?	**N/A**	N/A
Developing criteria for entering into partnerships with the private sector?	**N/A**	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	**N/A**	N/A

MRTT

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 Entity 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.

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 plan 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 stakeholders.

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, part of training and development of employees was prioritized due to the above and this impacted positively 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.

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)
Hospitality Tourism Academy (HTA)	19 594	13 276	68%	30	443
Technical Training Operations (TTO)	33 306	20 405	56%	29	704
Corporate Servicers (CS)	58 273	26 796	46%	37	724
TOTAL	**111 173**	**60 477**	**54%**	**96**	**1 871**

PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	0	0	0	0
Senior Management	6 262	9,7	3	2 087
Professional qualified	18 230	28.26	12	1 519
Skilled	28 967	44.90	38	762
Semi-skilled	8 107	12,57	24	337
Unskilled	2 945	4.57	19	155
TOTAL	**64 511**	**100**	**96**	**4 860**

PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
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	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE (R'000)
HTA	13 710	162	1..2	11	15
TTO	18 727	146	0.78	13	11
CS	28 967	243	0.84	6	41
TOTAL	61 404	551	0.90%	30	18

EMPLOYMENT AND VACANCIES

PROGRAMME	2024/2025 NO. OF EMPLOYEES	2025/2026 APPROVED POSTS	2025/2026 NO. OF EMPLOYEES	2025/2026 VACANCIES	% OF VACANCIES
HTA	32	43	30	13	30.23
TTO	28	33	29	4	12.12
CS	42	66	37	29	43.94
TOTAL	102	142	96	46	32.39

LEVEL	2024/2025 NO. OF EMPLOYEES	2025/2026 APPROVED POSTS	2025/2026 NO. OF EMPLOYEES	2025/2026 VACANCIES	% OF VACANCIES
Top Management	0	1	0	1	100
Senior Management	3	4	3	1	25
Professional qualified	14	35	12	23	65.71
Skilled	39	42	38	4	9.52
Semi-skilled	26	35	24	11	31.43
Unskilled	20	25	19	6	24
TOTAL	102	142	96	46	32.39

At the heart of MRTT's success lies its people. A well filled staff complement is not merely a statistic; it is the living engine that drives the Trust's mission forward. With skilled facilitators, trainers, and support staff in place, programmes are delivered effectively and with the quality that communities have come to expect. Learners receive the guidance and support they need, and the institution's reputation for excellence is reinforced with every intake.

MRTT

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	0	0	0	0
Senior Management	3	1	1	3
Professional qualified	14	2	4	12
Skilled	39	0	2	38
Semi-skilled	26	0	1	24
Unskilled	20	0	0	19
TOTAL	**102**	**3**	**8**	**96**

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0
Resignation	4	4.2
Dismissal	1	1.04
Retirement	4	4.2
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	**9**	**9.44**

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	0
Final Written warning	0
Dismissal	1
Total	**1**

MRTT

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The entity finds 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	2	0	0	0	0	0	0	0
Professional qualified	9	4	1	1	0	0	1	0
Skilled	22	2	0	0	0	0	0	0
Semi-skilled	10	2	0	0	0	0	0	0
Unskilled	8	1	0	0	0	0	0	0
TOTAL	**51**	**10**	**1**	**1**	**0**	**0**	**1**	**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	1	1	0	0	0	0	0	0
Professional qualified	5	6	0	2	0	1	0	0
Skilled	14	2	0	1	0	0	0	0
Semi-skilled	12	2	0	0	0	0	0	0
Unskilled	10	2	0	0	0	0	0	0
TOTAL	**42**	**13**	**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	0	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	2025/2026 R'000	2024/2025 R'000
Opening balance	130 275	113 943
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	4 934	16 332
Less: Irregular expenditure condoned	(100 767)	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable1	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	**34 371**	**130 275**

Irregular expenditure recognised during the reporting period arose primarily from procurement process non-compliance. The key contributing factors were as follows:

- The extension of three contracts for critical service providers at the Hospitality and Tourism Academy was implemented to ensure continuity of training, catering and operational services. However, the extensions did not fully comply with prescribed supply chain management requirements.
- Contract variations exceeded the 15% threshold prescribed by National Treasury PFMA SCM Instruction note 3 of 2021/2022.
- The minimum requirement of obtaining at least three quotations was not met in certain instances.
- Prescribed procurement procedures in terms of Preferential Procurement Regulation (PPR) 2022 were not utilised for certain 2024/2025 transactions.

RECONCILING NOTES

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure that was under assessment	10 774	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	4 934	16 332
Total	**15 708**	**16 332**

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

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure under assessment	10 774	-
Irregular expenditure under determination	31 419	101 767
Irregular expenditure under investigation	0	0
Total	**42 193**	**101 767**

A determination test was performed in accordance with the Irregular Expenditure Framework. The purpose of the assessment was to evaluate whether the identified expenditure meets the definition of irregular expenditure as contemplated in the Public Finance Management Act (PFMA).

Irregular expenditure refers to expenditure incurred in contravention of applicable legislation and regulations. Internal Audit applied the prescribed determination procedures to assess the nature and compliance statuses of the transactions identified.

The determination process forms part of the entity's governance and accountability framework and provides the basis for management to implement appropriate remedial actions. Such actions may include reporting to relevant authorities, initiating disciplinary processes, and strengthening internal controls to prevent recurrence.

C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure condoned	100 767	0
Total	**100 767**	**0**

During the financial year under review, Provincial Treasury condoned irregular expenditure amounting to R100 767 000 following completion of the prescribed determination process.

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

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure NOT condoned and removed	0	0
Total	**0**	**0**

No irregular expenditure was removed from the register during the year under review. All identified irregular expenditure remains subject to determination test to establish the nature, extent and accountability of the non-compliance in accordance with applicable regulatory requirements.

E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure recoverable	0	0
Total	**0**	**0**

Management has assessed the identified irregular expenditure and determined that no amounts were recoverable during the reporting period. All cases remain subject to the determination test to establish whether any losses resulted from fraud, negligence or non-compliance, and to identify responsible officials where applicable.

The entity remains committed to transparent reporting and ongoing review of all irregular expenditure matters in line with PFMA requirement.

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

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Irregular expenditure written off	0	0
Total	**0**	**0**

No irregular expenditure was written off as irrecoverable during the current or prior financial year. All identified cases remain under determination to establish the nature, cause and extent of the non-compliance and to determine appropriate corrective action.

Upon completion of the determination process, management will consider recovery, disciplinary action, or condonation where appropriate. Write-off will only be considered once all prescribed processes have been exhausted.

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

No instances of non-compliance were identified in respect of inter-institutional arrangements during the reporting period. The entity complied with all applicable legislative and regulatory requirements in collaborative arrangements with other institutions.

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)4

DESCRIPTION
N/A

No irregular expenditure was identified in relation to inter-institutional arrangements where the entity was responsible for the non-compliance during the reporting period

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 FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Opening balance	612	415
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	199	197
Less: Fruitless and wasteful expenditure recoverable3	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**811**	**612**

During the financial year ended 31 March 2025 and 2026, 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 payment arrangement for the outstanding 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 2026, 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 for current year and for the prior year the AGSA has passed credit note for the full amount. 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 honour 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	2025/2026 R'000	2024/2025 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	199	197
Total	**199**	**197**

During the financial year ended 31 March 2025 and 2026, 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 payment arrangement for the outstanding 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 2026, which is after the reporting date. As at 31 March 2026, 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 for current year and for the prior year the AGSA has passed credit note for the full amount. 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 honour 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	2025/2026 R'000	2024/2025 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	811	612
Fruitless and wasteful expenditure under investigation	0	0
Total	**811**	**612**

During the year under review, fruitless and wasteful expenditure was identified and disclosed in the Annual Financial Statements. At reporting date, the expenditure had not yet been subjected to a formal assessment, determination or investigation process.

C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Fruitless and wasteful expenditure recoverable	0	0
Total	**0**	**0**

As at reporting date, no fruitless and wasteful expenditure had been determined to be recoverable.

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

DESCRIPTION	2025/2026 R'000	2024/2025 R'000
Fruitless and wasteful expenditure written off	0	0
Total	**0**	**0**

No fruitless and wasteful expenditure was written off during the year under review. The identified expenditure remains subject to the prescribed determination process.

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

DESCRIPTION
N/A

No disciplinary or criminal proceedings were instituted during the reporting period in relation to the identified fruitless and wasteful expenditure.

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))5

A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2025/2026 R'000	2024/2025 R'000
Theft	343	9
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	**343**	**9**

During the year under review, the entity incurred material losses arising from theft of assets. The losses were identified following incidents of burglary and theft at the technical centre.

B) DETAILS OF OTHER MATERIAL LOSSES

NATURE OF OTHER MATERIAL LOSSES	2025/2026 R'000	2024/2025 R'000
	0	0
Total	**0**	**0**

The entity did not incur other material losses, apart from losses aring from criminal conduct, during the year under review.

C) OTHER MATERIAL LOSSES RECOVERABLE

NATURE OF OTHER MATERIAL LOSSES	2025/2026 R'000	2024/2025 R'000
	0	0
Total	**0**	**0**

No other material losses were identified as recoverable during the reporting period.

D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

NATURE OF OTHER MATERIAL LOSSES	2025/2026 R'000	2024/2025 R'000
	0	0
Total	**0**	**0**

No other material losses were written off as irrecoverable during the year under review.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	Number of invoices	Consolidated Value R'000
Valid invoices received	1 593	29 512
Invoices paid within 30 days or agreed period	1 569	19 980
Invoices paid after 30 days or agreed period	24	9 532
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

During the year under review, the entity experienced cash flow challenges and that adversely affected the ability to settle certain suppliers' obligations within the prescribed payment period.

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
Audit assistance for prior year period audit qualification	SNG Grant Thornton	Deviation	N/A	978
Legal opinion	Obert Ntuli Inc	Deviation	N/A	49
Electricity restoration at HTA	Mazinyane Holdings	Deviation	N/A	16
Replacement of doors at Emalahleni	Vulumbono Creations	Deviation	N/A	47
Asset verification	Kreston	Deviation	N/A	124
Asset Management System support	Kreston	Deviation	N/A	47
TOTAL				**1 261**

The procurement by other means was applied in limited instances during the year under review due to operational requirements and exceptional circumstances that necessitated deviations from the normal competitive processes.

The deviations were approved in accordance with the applicable supply chain management prescripts and were primarily attributable to the following factors:

- Repeated unsuccessful attempts to secure competitive quotations or bids
- Single-source selection as a result of the continuation of previous work and extensive institutional knowledge of the matter.
- Urgent technical intervention required to restore electricity supply and generator functionality at the Hospitality and Tourism Academy; and
- Emergency repairs following a burglary incident at the eMalahleni Training Centre.

MRTT

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 R'000	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000
Supply of dry goods	Chipkins Catering Supplies (Bidvest - Bidfood)	Extension of contract	N/A	As and when required basis	886	888
Supply of car tracking services	Ctrack - Provision of Vehicle tracking	Extension of contract	N/A	As and when required basis	29	29
Supply of ICT services	Grid Eye Technologies - Provision of Internet services and VPN	Extension of contract	N/A	Monthly amount	639	498
Supply of ICT services	Matupunuka ICT (PABX head office)	Extension of contract	N/A	Monthly amount	0	255
Supply of lift maintenance	Otis - Provision of lift services at HTA	Extension of contract	N/A	Monthly amount	30	26
Provision of meat and meat products	Parks Butchery, also known as Parktons Meats	Extension of contract	N/A	Monthly amount	336	217
Internal Audit function	Samba Solutions	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	N/A	766	463	463
Security Services	Bothila Security	Submission of tender time not in submission register of tender	MRTT25-02	Monthly amount	1 594	1 594
PPE	Times Ten Trading	Submission of tender time not in submission register of tender	MRTT25-11	As and when	895	895
TOTAL					**4 872**	**4 863**

PART F FINANCIAL INFORMATION

MPUMALANGA REGIONAL TRAINING TRUST
(REGISTRATION NUMBER 1993/006132/08)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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 83 to 134, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the 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 ba-sis 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 2026 and its financial performance and cash flows for the year then ended in accord-ance with the Standards of Generally Recognised Accounting Practice (GRAP) and the re-quirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION.

PROVISIONS

3. I was unable to obtain sufficient appropriate audit evidence for leave provision due to the status of accounting records. I was unable to confirm the provision by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the leave provision stated at R4,4 million (2024-25: R3,8 million) in note 11 to the financial statements.

CASH FLOW FROM OPERATING ACTIVITIES

4. Cash received from rendering of services was incorrectly calculated as it did not include the cash movements from receivables from exchange transactions, which constitutes a departure from GRAP 2, Cash flow statement. Consequently, the corresponding figure for cash received from rendering of services was overstated by R1,5 million in the financial statements.

CASH GENERATED FROM (USED IN) OPERATIONS

5. Cash generated from (used in) operations was not correctly prepared and disclosed as required by GRAP 2: Cash flow statements. This was due to multiple errors in determining cash generated from (used in) operations as disclosed in note 22. I was not able to determine the full extent of the errors in the cash generated from (used in) operations, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash generated from (used in) operations as stated at R6,2 million in the financial statements were necessary.

CONTEXT FOR OPINION

6. 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.
7. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.
10. I draw attention to note 28 to the financial statement of Mpumalanga Regional Training Trust which indicates that as at 31 March 2026, the entity had an accumulated deficit of R22,6 million and that the entity's current liabilities exceed its current assets by R29,3 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

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

MATERIAL IMPAIRMENTS – RECEIVABLES

12. As disclosed in note 3 to the financial statements, a material expected credit loss of R22,3 million (2024-25: R17,6 million) were incurred as a result of provision for impairment of receivables from exchange transactions.

MATERIAL IMPAIRMENTS – INVESTMENT IN OTHER ENTITIES

13. As disclosed in note 13 to the financial statements, a material impairment of R11,2 million (2024- 25: R11,2 million) were incurred as a result of provision for impairment of intercompany loan.

SUBSEQUENT EVENTS

14. As disclosed in note 29 to the financial statements, the entity concluded negotiations in respect of a legal claim instituted by a service provider relating to a matter that existed prior to 31 March 2026. The settlement reached after the reporting date provided additional evidence of the obligation that existed at the reporting date amounting to R2 million. The matter was treated as an adjusting subsequent event.
15. As disclosed in note 29 to the financial statements, the entity's subsidiary Mpumalanga Innovation and Skills Hub (MISH) was finally deregistered with Companies and Intellectual Property Commission on 26 May 2026. The detail of the transaction is further described in the disclosure note. The matter was treated as a non-adjusting subsequent event.

RESTATEMENT OF THE CORRESPONDING FIGURES

16. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS.

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

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

19. 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.

20. 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 on page xx, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

21. 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 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.
22. I selected the following material performance indicators related to technical training operations, hospitality and tourism academy and MISH presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the 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 on the South African Qualifications Authority (Saqa)-accredited national certificate.
    - POI 102: Number of learners trained on Saqa-accredited skills programmes.
    - POI 103: Number of learners to receive customised training.
    - POI 104: Number of candidates assessed and trade tested for culinary qualification.
    - POI 105: Number of learners receiving coaching and mentoring on Saqa-accredited national certificate.
    - POI 106: Number of learners receiving coaching and mentoring Saqa-accredited skills programmes.
    - POI 201: Number of learners trained on Saqa skills programme.
    - POI 202: Number of learners trained in the full qualification.
    - POI 203: Number of learners trained towards artisan development.
    - POI 204: Number of candidates assessed on recognition of prior learning and trade tested.
    - POI 205: Number of learners receiving coaching and mentoring in the workplace.
    - POI 206: Number of projects secured.
    - POI 401: % Adherence to implementation of the MISH Project Plan.
23. 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 entity's planning and delivery on its mandate and objectives.
24. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - 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 is presented in the annual performance report in the prescribed manner.
25. There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
26. The material findings on the reported performance information for the selected material indicators are as follows:

POI 104: NUMBER OF CANDIDATES ASSESSED AND TRADE TESTED FOR THE CULINARY QUALIFICATION.

27. A target of zero was set for this indicator. The reason provided by the accounting authority for this was that the indicator is a new indicator and the entity needed to obtain the license be-fore commencing with assessing candidates on trade tests for culinary qualification. How-ever, evidence was not provided to support this. Consequently, the target is not useful for measuring and monitoring progress against the entity's planned objectives.

POI 401: % ADHERENCE TO IMPLEMENTATION OF MISH PROJECT PLAN

28. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator, and its target relates to complying with the project plan to institutionalise MISH and get it operational. However, the project plan relied on to measure and report on the achievement was not comprehensive and did not include activities relating to the operationalisation of MISH. Consequently, the entity would have found it difficult to determine the correct achievement to be reported against the planned target

OTHER MATTERS

29. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

30. 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.
31. 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 23 to 33.

HOSPITALITY AND TOURISM ACADEMY

Targets achieved: 50% Budget spent: 85%		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
POI-102 Number of learners trained on Saqa-accredited skills programmes	30 learners	25 learners
POI-103 Number of learners to re-ceive customised training	140 learners	108 learners
POI-106 Number of learners receiv-ing coaching and mentoring on Saqa-accredited qualifications	30 learners	25 learners

TECHNICAL TRAINING OPERATIONS

Targets achieved: 83% Budget spent: 98%		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
POI-205 Number of learners receiving coaching and mentoring in the workplace	100 learners	35 learners

MATERIAL MISSTATEMENTS

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Hospitality and Tourism Academy, technical training operations and MISH. Management did not correct all of the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

33. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
34. 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.
35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

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

EXPENDITURE MANAGEMENT

39. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The value as disclosed in note 31, is not complete as man-agement was still in the process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management (SCM) provisions.
40. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 30 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 delayed payments of in-voices.

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

CONSEQUENCE MANAGEMENT

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

PROCUREMENT AND CONTRACT MANAGEMENT

44. 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

45. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secre-tary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
46. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
48. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other in-formation be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

49. 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.
50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, 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.
51. Management did not implement adequate internal controls to ensure the preparation of accurate, complete, and reliable financial and performance reports. Consequently, numerous misstatements in the financial statements and misstatements in the annual performance report were identified during the audit, resulting in a qualified audit opinion, material non-compliance with the PFMA, and a material finding on reported performance information.
52. Management did not adequately monitor the daily and monthly processing of transactions to ensure the accuracy, completeness, and validity of financial information. Consequently, misstatements were not prevented or detected and corrected timeously, resulting in errors in the financial records and financial reporting.
53. Management also did not adequately review and monitor compliance with applicable legislation. As a result, material non-compliance was not prevented, or detected and corrected timeous-ly, resulting in the incurrence of irregular expenditure.
54. The accounting authority did not exercise sufficient oversight over the review and updating of operating policies to ensure thatthey were aligned with the entity's practices and implemented controls.
55. The accounting authority did not adequately exercise its oversight responsibility over financial and performance reporting, compliance with applicable legislation, and the effectiveness of re-lated internal controls. This included not ensuring that the entity maintained a functional inter-nal audit unit throughout the financial year. As a result, quarterly internal audit reviews were not performed as required, and control deficiencies, non-compliance and material misstate-ments in the annual financial statements were not identified and corrected timeously.
56. The accounting authority did not ensure that adequate action plans were developed, imple-mented, and effectively monitored to address identified internal control deficiencies. As a re-sult, weaknesses in the control environment were not addressed timeously, resulting in mate-rial misstatements in the financial statements and annual performance report, as well as mate-rial non-compliance with applicable legislation.

MATERIAL IRREGULARITIES

57. 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

58. The accounting authority did not ensure that the 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.
59. The 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 entity. The overpayments are likely to result in a material financial loss for the entity if the money is not recovered.
60. 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:
61. 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 the entity.
62. In November 2024, the Special Investigating Unit (SIU) finalised a preliminary report on Covid- 19 expenditure under a presidential proclamation, identifying two officials respon-sible for the material irregularity. In February 2025, a charge sheet was issued against the official, and disciplinary proceedings were initiated in April 2025. However, the employee resigned in September 2025, resulting in the disciplinary hearing being discon-tinued. As at the date of this report, the SIU's investigation into the second official is still in progress. The accounting authority intends to act based on the investigation's outcome.
63. In January 2025, an economising committee was established to strengthen internal controls over quotation-based procurement. The committee advises on pricing, quality, and the le-gitimacy of goods and services procured. No pricing concerns were identified through audit procedures during the year under review.
64. In June 2025, a service provider was appointed to quantify the financial loss suffered. The investigation was completed and the report issued by the service provider. The reports recommended further disciplinary action against one of the employees and process has been initiated. The accounting authority further developed and implemented an action plan to address the recommendations form the investigation report.
65. The accounting authority updated the entity's SCM policy to confirm alignment with the appli-cable prescripts and also ensuring that the process of evaluation of awards is updated.
66. I concluded that appropriate actions have been taken to resolve the material irregularity.
67. We will continue to monitor the actions/steps implemented to address the material irregular-ity as well as those currently in progress or not yet completed, during the subsequent au-dits.

Auditor - General

Mbombela

25 August 2026

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 entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

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

MRTT

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Skills Development
Members	PP Maoko - Chairperson of the Board of Directors LM Motshwane TR Mokgoshi B Nxumalo (B Sibanyoni changed name during the year 2026) MI Tibane HH Nkanyane LH Moyane - Head Official: Provincial Department of Education - ex-officio D Dlamini (Independent Audit Committee Chairperson) (Invited to Board meetings as and when required) N Madiba (Independent Risk Management Committee Chairperson) * (Invited to Board meeting as and when required) CD Maebela - Acting Chief Executive Officer - ex-officio
Registered office	No. 05 Schonland Drive Ferrobank Emalahleni Witbank 1035
Bankers	Standard Bank
Auditor	Auditor - General South Africa (AGSA)
Secretary	NK Mametja
Companyregistration number	1993/006132/08

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 2027 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditor is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditor and their report is presented on page 74.

The annual financial statements set out on pages 83 to 134, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2026 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
Date: 25 August 2026

CD Maebela
Acting Chief Executive Officer - *ex-officio*
Date: 25 August 2026

MRTT

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority hereby submits its report for the financial year ended 31 March 2026 for the Mpumalanga Regional Training Trust ("MRTT").

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

MRTT is a public entity established to provide in skills development and vocational training programmes within the Mpumalanga Province. The entity operates primarily from Emalahleni and Nelspruit and offers accredited and customised training programmes ranging from NQF level 2 to NQF level 5 in technical and hospitality related fields.

The reported net deficit of the entity was R 1,231,283 for the year ended 31 March 2026 compared to a deficit (2025: deficit R 15,646,086) in the prior year, reflecting a significant improvement in the financial performance of the entity.

2. GOING CONCERN

Management has performed a comprehensive Going Concern Assessment in accordance with GRAP 1 and considered all relevant quantitative and qualitative information available up to the date of approval of the AFS. 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 therefore the entity's conclusion that entity is still a going concern as that total assets exceed the current liabilities.

The Going Concern Assessment considered, amongst others:

- The approved Medium-Term Expenditure Framework (MTEF) funding allocation from the Provincial Treasury and Executive Authority (see attached allocation letter);
- The entity's ability to continue meeting its obligations as they fall due;
- The fact that, as at 31 March 2026, the entity had settled all supplier invoices due, with the exception of the Auditor-General South Africa invoices, which were subject to an agreed payment arrangement. This demonstrates that the entity remained capable of meeting its financial obligations and managing its cash flows effectively.

Historical financial support received from the provincial Treasury and Mpumalanga Department of Education.

- Approved cash flow forecasts;
- Budgeted operational activities for the 2026/2027 financial year;
- The absence of any intention or requirement to liquidate or cease operations; and
- Management's plans to address the working capital deficit such as generating own revenue through different revenue streams.

Based on the above, management concluded that the going concern basis of accounting remains appropriate and that no material uncertainty exists that requires additional disclosure in terms of paragraph 27 of GRAP 1.

3. MEMBERS' INTEREST IN CONTRACTS

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

4. 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.

5. ACCOUNTING AUTHORITY

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 Nxumalo (Formerly Sibanyoni)
- MI Tibane
- 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)
- CD Maebela - Acting Chief Executive Officer - *ex-officio*

6. SECRETARY

The secretary of the entity is NK Mametja.

Business address	No. 5 Schonland Drive Ferrobank Emalahleni Witbank 1035
Postal address	Private Bag X7288 Emalahleni Witbank 1035

7. CORPORATE GOVERNANCE

GENERAL

The Accounting Authority remains committed to maintaining high standards of corporate governance and transparency in line with principles of the King Code on Corporate Governance and the Public Finance Management Act (PFMA).

ACCOUNTING AUTHORITY

The Accounting Authority continued to exercise oversight over strategic direction, risk management, internal controls and compliance throughout the financial year. The entity also maintained the functions of the Audit Committee and Risk Management Committee to support governance and oversight responsibilities.

The Accounting Authority recognises the importance of effective risk management and internal controls in safeguarding the assets and resources of the entity. Internal control systems were continuously monitored during the year to improve financial management, operational efficiency and compliance with applicable legislation. Management continued to implement corrective measures aimed at strengthening governance processes, improving financial controls and enhancing compliance with supply chain management prescripts

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.

8. INVESTMENT IN OTHER ENTITIES

The MRTT Royal Hotel Pilgrims Rest (Pty) Ltd, entity, is currently undergoing a formal liquidation process; its remaining financial transactions are considered immaterial to the group's overall position.

9. INTEREST IN CONTROLLED ENTITIES

NAME OF CONTROLLED ENTITY

MPUMALANGA INNOVATION AND SKILLS HUB-

The Board of Directors of Mpumalanga Innovation and Skills Hub (Registration Number: 2020/454435/08) formally approved the deregistration of the entity. The final deregistration of the entity was effected on 26 May 2026 by the Companies and Intellectual Property Commission (CIPC) upon completion of the statutory deregistration process, in accordance with all applicable regulatory requirements and in terms of Section 82(3) of the Companies Act, 2008.

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure amounting to R4 862 678 in the current financial year compared to R16 331 561 in the prior financial year. The Accounting Authority continues to implement measures aimed at strengthening supply chain management and ensuring compliance with applicable legislation and procurement prescripts.

Further details on the Irregular expenditure are in note 31 of the Annual Financial Statements.

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARYIN 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 May 2026

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
ASSETS			
CURRENT ASSETS			
Inventories	2	258,835	187,075
Receivables from exchange transactions	3	1,788,275	6,049,490
Receivables from non-exchange transactions	4	-	1,000,561
Cash and cash equivalents	5	9,335,177	5,826,958
		11,382,287	**13,064,084**
NON-CURRENT ASSETS			
Property, plant and equipment	6	98,825,960	104,491,050
Investments in controlled entities	7	100	100
		98,826,060	**104,491,150**
Non-Current Assets		98,826,060	104,491,150
Current Assets		11,382,287	13,064,084
Total Assets		**110,208,347**	**117,555,234**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	8	7,549,368	9,548,011
Payables from non-exchange transactions	9	26,999,032	27,605,955
Provisions	11	6,106,301	5,142,127
		40,654,701	**42,296,093**
NON-CURRENT LIABILITIES			
Provisions	11	843,044	766,475
Non-Current Liabilities		843,044	766,475
Current Liabilities		40,654,701	42,296,093
Total Liabilities		**41,497,745**	**43,062,568**
Assets		110,208,347	117,555,234
Liabilities		(41,497,745)	(43,062,568)
Net Assets		**68,710,602**	**74,492,666**
RESERVES			
Revaluation reserve	12	91,313,818	98,294,990
Accumulated deficit		(22,603,216)	(23,802,324)
Total Net Assets		**68,710,602**	**74,492,666**

* See Note 26

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	14	13,517,939	20,279,205
Interest received	14	986,889	474,673
Bad debts recovered	14	2,902	6,968
Total revenue from exchange transactions	14	14,507,730	**20,760,846**
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Revenue from non-exchange transactions	15	103,864,515	82,962,186
		14,507,730	20,760,846
		103,864,515	82,962,186
Total revenue		**118,372,245**	**103,723,032**
EXPENDITURE			
Employee related costs	16	(60,476,683)	(59,799,585)
Depreciation and amortisation	6	(7,958,952)	(5,004,076)
Impairment loss/ Reversal of impairments	6	(85,224)	-
Administrative	17	(11,050,151)	(11,397,438)
Impairment loss	18	52,501	(2,305,228)
Operating expenses	19	(40,085,019)	(40,862,791)
Total expenditure		**(119,603,528)**	**(119,369,118)**
Total revenue		118,372,245	103,723,032
Total expenditure		(119,603,528)	(119,369,118)
Operating surplus/deficit		-	-
Deficit before taxation		(1,231,283)	(15,646,086)
Taxation		-	-
Deficit for the year		**(1,231,283)**	**(15,646,086)**

* See Note 26

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Revaluation reserve	Accumulated deficit	Total net assets
Balance at 01 April 2024	106,687,944	(16,874,006)	93,217,484
Changes in net assets			
Deficit for the year	-	(15,646,086)	(15,080,034)
Realisation of revaluation surplus	(4,047,555)	4,047,555	-
Prior year adjustment	(4,345,399)	4,670,213	324,814
Total changes	**(8,392,954)**	**(6,928,318)**	**(15,321,272)**
Restated* Balance at 01 April 2025	**98,294,990**	**(23,802,324)**	**74,492,666**
Changes in net assets			
First time adoption of GRAP 104 effective 1 April 2025	-	(4,544,826)	(4,544,826)
Net income (losses) recognised directly in net assets	-	(4,544,826)	(4,544,826)
Deficit for the year	-	(1,231,283)	(1,231,283)
Total recognised income and expenses for the year	-	(5,776,109)	(5,776,109)
Realisation of revaluation surplus	(6,981,172)	6,981,172	-
Total changes	**(6,981,172)**	**1,205,063**	**(5,776,109)**
Balance at 31 March 2026	**91,313,818**	**(22,603,216)**	**68,710,602**
Note(s)	12		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering of services		13,493,061	19,384,355
Government Grants		103,322,000	81,145,670
Interest received		986,889	474,673
		117,801,950	**101,004,698**
PAYMENTS			
Suppliers and Employee costs		(111,576,354)	(102,929,430)
Total receipts		117,801,950	101,004,698
Total payments		(111,576,354)	(102,929,430)
Net cash flows from operating activities	22	**6,225,596**	**(1,924,732)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(2,717,377)	(581,783)
Net Increase / (decrease) in cash and cash equivalents		**3,508,219**	**(2,506,515)**
Cash and cash equivalents at the beginning of the year		5,826,958	8,333,473
Cash and cash equivalents at the end of the year	5	**9,335,177**	**5,826,958**

* See Note 26

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2026

BUDGET ON CASH BASIS FIGURES IN RAND	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	21,821,476	-	21,821,476	13,493,061	(8,328,415)	33.1
Interest received	-	-	-	986,889	986,889	33.2
Total revenue from exchange transactions	**21,821,476**	**-**	**21,821,476**	**14,479,950**	**(7,341,526)**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	92,500,000	10,600,000	103,100,000	103,322,000	222,000	33.3
Total revenue from exchange transactions	21,821,476	-	21,821,476	14,479,950	(7,341,526)	
Total revenue from non-exchange transactions'	92,500,000	10,600,000	103,100,000	103,322,000	222,000	
Total revenue	**114,321,476**	**10,600,000**	**124,921,476**	**117,801,950**	**(7,119,526)**	
EXPENDITURE						
Employee related costs	(60,884,650)	(3,652,000)	(64,536,650)	(60,476,683)	4,059,967	33.4
Capital expenditure	(3,655,000)	(545,000)	(4,200,000)	(2,717,377)	1,482,623	33.5
Goods and Services	(49,781,826)	(6,403,000)	(56,184,826)	(49,572,170)	6,612,656	33.6
Total expenditure	**(114,321,476)**	**(10,600,000)**	**(124,921,476)**	**(112,766,230)**	**12,155,246**	
SURPLUS BEFORE TAXATION	**-**	**-**	**-**	**5,035,720**	**5,035,720**	
Deficit before taxation	-	-	-	5,035,720	5,035,720	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**5,035,720**	**5,035,720**	

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

These accounting policies are consistent with the previous period,

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

During 2024-25 financial year 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.

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.

IMPAIRMENT TESTING/ EXPECTED CREDIT LOSSES

During the current year 2025-2026 trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the expected credit loss (ECL) model. The entity applies the simplified approach, recognizing lifetime expected credit losses for all receivables.

Receivables are assessed collectively using an ageing analysis and historical/default experience adjusted for forward-looking information.

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.

The entity applies a provision matrix based on ageing categories to measure lifetime expected credit losses.

Receivables older than 90 days are considered to have significant increased credit risk and are subject to higher impairment rates.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of valuein-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].

IMPAIRMENT OF FINANCIAL ASSETS

IMPAIRMENT OF FINANCIAL ASSETS (EXPECTED CREDIT LOSS MODEL)

The entity applies the expected credit loss (ECL) model for financial assets. At each reporting date, the entity assesses whether there is objective evidence that the financial asset or group of financial assets are impaired. The loss allowance is measured at an amount equal to lifetime expected credit loss for receivables.

Expected credit losses are estimated considering:

- Historical default experience
- Current conditions
- Forward looking information.

CREDIT RISK EXPOSURE

The portfolio shows significant concentration risk in the 180+ day category.

Risk Category	Exposure (2025)
High Risk (>180 days)	53%
Moderate Risk (90–150 days)	40%
Low Risk (<60 days)	7%

The portfolio shows significant concentration risk in the 90+ day category.

Risk Category	Exposure (2026)
High Risk (>180 days)	46%
Moderate Risk (90–150 days)	48%
Low Risk (<60 days)	6%

This indicates elevated default exposure.

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)
Buildings	Straight line	30
Machinery and equipment	Straight line	20
Office furniture	Straight line	20
Motor vehicles	Straight line	15
Office equipment	Straight line	30
Computer equipment	Straight line	15
Domestic equipment	Straight line	40

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 - 30 years.

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

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.7 INVESTMENTS IN OTHER ENTITIES

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

1.8 FINANCIAL INSTRUMENTS

The Accounting Standards Board issued a revised GRAP 104: Financial Instruments, which introduces (among other changes) a revised impairment methodology based on an Expected Credit Loss (ECL) model for the measurement of impairment of financial assets, including receivables. In accordance with the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the entity is required to disclose the nature and effect of the initial application of a new or revised standard of GRAP.

Management effected the initial application of the revised GRAP 104 with effect from 1 April 2025, being the beginning of the current reporting period.

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

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

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

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

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

A financial asset is:

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

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

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

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

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

INITIAL RECOGNITION

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

Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial instruments measured at fair value through surplus or deficit where transaction costs are recognised immediately in surplus or deficit.

The initial application of the revised GRAP 104 resulted in an adjustment to the opening balance of the impairment allowance (ECL) on debtors as at 1 April 2025.

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.

CLASSIFICATION OF FINANCIAL ASSETS

MRTT classifies financial assets into the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value
- Financial assets measured at cost

The classification depends on MRTT's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables, staff debtors and loans receivable.

Financial assets are measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal amount outstanding.

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities are classified as:

- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value

Financial liabilities measured at amortised cost include trade and other payables, accrued liabilities and lease liabilities.

SUBSEQUENT MEASUREMENT

Financial assets and financial liabilities measured at amortised cost.

EFFECTIVE INTEREST METHOD

MRTT does not charge or apply interest on its receivables, debtors or other financial instruments. Accordingly, no interest income or interest expense is recognised on these financial instruments.

IMPAIRMENT OF FINANCIAL ASSETS

MRTT recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. Expected credit losses are recognised on:

- Trade and other receivables
- Cash and cash equivalents
- Loans and other financial assets measured at amortised cost

At each reporting date, MRTT assesses whether there has been a significant increase in credit risk since initial recognition.

RECOGNITION OF EXPECTED CREDIT LOSSES

Expected credit losses represent the weighted average of credit losses with the respective risks of default occurring as the weights.

MRTT measures loss allowances at an amount equal to:

- 12 month expected credit losses, where credit risk has not increased significantly since initial recognition, or
- Lifetime expected credit losses, where there has been a significant increase in credit risk since initial recognition.

DETERMINING SIGNIFICANT INCREASE IN CREDIT RISK

In determining whether the credit risk on a financial asset has increased significantly since initial recognition, MRTT considers reasonable and supportable information that is available without undue cost or effort, including both quantitative and qualitative information and analysis based on MRTT's historical experience and forward looking information.

Indicators considered include:

- Significant financial difficulty of the debtor
- Breach of contract, including default or delinquency in payments
- Probability of insolvency or financial reorganisation
- Adverse changes in economic and operating conditions
- Historical payment trends and ageing analysis

SIMPLIFIED APPROACH FOR RECEIVABLES

MRTT applies the simplified approach permitted by GRAP 104 for trade receivables and contract receivables. Under this approach, lifetime expected credit losses are recognised from initial recognition of the receivables. Measurement of Expected Credit Losses

Expected credit losses are measured in a manner that reflects:

- An unbiased and probability weighted amount determined by evaluating a range of possible outcomes
- The time value of money• Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions

The impairment model incorporates forward looking information, including anticipated economic conditions and debtor specific factors affecting recoverability.

WRITE OFF OF FINANCIAL ASSETS

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- The debtor has been liquidated or sequestrated
- All legal and recovery processes have been exhausted
- The cost of recovery exceeds the expected benefit

Write offs are approved in accordance with MRTT's delegations of authority and applicable legislative requirements.

DERECOGNITION OF FINANCIAL ASSETS

MRTT derecognises a financial asset when:

- The contractual rights to the cash flows from the financial asset expire, or
- MRTT transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party

Where MRTT retains substantially all the risks and rewards of ownership of the financial asset, the financial asset continues to be recognised.

DERECOGNITION OF FINANCIAL LIABILITIES

MRTT derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

GAINS AND LOSSES

Gains and losses arising from a change in the fair value of financial instruments measured at fair value are recognised in surplus or deficit.

Impairment losses, reversals of impairment losses and gains or losses on derecognition of financial instruments measured at amortised cost are recognised in surplus or deficit.

OFFSETTING OF FINANCIAL INSTRUMENTS

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

1.9 LEASES

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

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

1.10 INVENTORIES

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

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

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

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

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

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

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

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

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

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

1.11 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

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

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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 29.

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

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

An exchange transaction is one in which the 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 01/04/2025 to 31/03/2026.

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

The annual financial statements and the budget are not prepared on the same basis of accounting. The annual financial statements are prepared on the accrual basis of accounting in accordance with Standards of GRAP, while the approved budget of MRTT is prepared on the cash basis of accounting. Accordingly, the Statement of Comparison of Budget and Actual Amounts is prepared on the cash basis to ensure consistency with the approved budget and GRAP 24.

1.20 RELATED PARTIES

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

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

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

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

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

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

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

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

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

1.21 EVENTS AFTER REPORTING DATE

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

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

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

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

1.22 MEMBERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

1.22.1 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

1.22.2 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.

1.22.3 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. travel, accommodation, or cell phone allowances)
- Sitting fees, preparation fees, cellphone allowance and accommodation
- Non-cash benefits are recognised at fair value in the period in which they are granted.

1.22.4 MEASUREMENT

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.

1.22.5 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).

1.22.6 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.

1.22.7 GRAP 3 DISCLOSURE – FIRST TIME ADOPTION

CHANGE IN ACCOUNTING POLICY/NEW STANDARD ADOPTED

- The entity adopted GRAP 104 – Financial Instruments in the current financial year. GRAP 104 replaces the previous accounting treatment of financial instruments that was applied by the entity prior to adoption. The standard was applied from 1 April 2025.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND

2. INVENTORIES	2026	2025
Consumables	258,835	187,075
Carrying value of inventories carried at fair value less costs to sell	258,835	187,075

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade debtors	24,057,308	23,649,629
Expected credit loss	(22,272,533)	(17,603,638)
Deposits	3,500	3,500
	1,788,275	**6,049,491**

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 expected credit loss was R (22,272,533) as of 31 March 2026 (31 March 2025: R 17,603,638).

CHANGES IN ACCOUNTING POLICY – INITIAL APPLICATION OF THE REVISED GRAP 104: FINANCIAL INSTRUMENTS

NATURE (IMPACT) OF THE CHANGE IN ACCOUNTING POLICY

The Accounting Standards Board issued a revised GRAP 104: Financial Instruments, which introduces (among other changes) a revised impairment methodology based on an Expected Credit Loss (ECL) model for the measurement of impairment of financial assets, including receivables. In accordance with the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the entity is required to disclose the nature and effect of the initial application of a new or revised standard of GRAP.

Management effected the initial application of the revised GRAP 104 with effect from 1 April 2025, being the beginning of the current reporting period.

The initial application of the revised GRAP 104 resulted in an adjustment to the opening balance of the impairment allowance (ECL) on debtors as at 1 April 2025. The effect of the change was as follows:

Increase in the debtors impairment (ECL) opening balance as at 1 April 2025 R4 544 826 (using the previous accounting policy the amount is R17 603 608).

The increase in the impairment allowance was not recognised in the surplus or deficit for the current reporting period, but was raised directly against the opening balance of accumulated surplus/deficit as at 1 April 2025, being the beginning of the current reporting period, as follows:

Accumulated surplus/deficit opening balance as at 1 April 2025 – decrease R(4 544 826).

FIGURES IN RAND

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

CREDIT RISK EXPOSURE

The portfolio shows significant concentration risk in the 180+ day category.

RISK CATEGORY

The ageing of the receivables is disclosed in note 25:

- High Risk (>180 days)
- Moderate Risk (90–150 days)
- Low Risk (<60 days)

The portfolio shows significant concentration risk in the 90+ day category.

RISK CATEGORY

- High Risk (>180 days)
- Moderate Risk (90–150 days)
- Low Risk (<60 days)

This indicates elevated default exposure.

The ageing of the receivables is disclosed in note 2

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	17,603,638	15,474,980
Provision for impairment	4,668,895	2,128,658
	22,272,533	**17,603,638**

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants and subsidies	955,110	1,177,130
Impairment of debt	(955,110)	(176,569)
	-	**1,000,561**

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	14,781	13,658
Bank balances	4,012,542	3,812,252
Short-term deposits	5,307,854	2,001,048
	9,335,177	**5,826,958**

As at 31 March 2026, the Mpumalanga Regional Training Trust (MRTT) held R9.34 million in cash and cash equivalents, while owing R26.9 million to its subsidiary, the Mpumalanga Innovation and Skills Hub (MISH). This results in a cash funding shortfall of R17.6 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 8.

FIGURES IN RAND

6. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value
Land and Buildings	100,207,000	(12,314,933)	87,892,067	100,207,000	(6,157,466)	94,049,534
Machinery and Equipment	5,934,448	(2,368,828)	3,565,620	5,762,128	(1,698,328)	4,063,800
Office Furniture	4,597,351	(2,774,501)	1,822,850	4,602,229	(2,399,362)	2,202,867
Motor vehicles	4,119,747	(2,068,460)	2,051,287	2,845,443	(1,751,242)	1,094,201
Office equipment	778,974	(311,059)	467,915	711,022	(253,920)	457,102
Computer equipment	2,841,828	(1,069,162)	1,772,666	2,345,230	(881,200)	1,464,030
Domestic equipment	1,874,186	(620,631)	1,253,555	1,667,309	(507,793)	1,159,516
Total	**120,353,534**	**(21,527,574)**	**98,825,960**	**118,140,361**	**(13,649,311)**	**104,491,050**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2026

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	7,845,000	-	-	-	-	7,845,000
Buildings	86,204,534	-	-	(6,157,467)	-	80,047,067
Machinery and Equipment	4,063,800	271,665	(73,412)	(652,064)	(44,368)	3,565,621
Office Furniture	2,202,867	-	(4,130)	(366,721)	(9,166)	1,822,850
Motor vehicles	1,094,201	1,274,304	-	(317,219)	-	2,051,286
Office equipment	457,102	73,199	(3,363)	(59,023)	-	467,915
Computer equipment	1,464,030	891,332	(233,400)	(321,628)	(27,668)	1,772,666
Domestic equipment	1,159,516	206,877	-	(108,817)	(4,021)	1,253,555
	104,491,050	**2,717,377**	**(314,305)**	**(7,982,939)**	**(85,223)**	**98,825,960**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	Opening balance	Additions as perprior year AFS	Gains – assets found	Prior year error adjustment	Depreciation	Total
Land	7,845,000	-	-	-	-	7,845,000
Buildings	92,362,000	-	-	(3,078,733)	(3,078,733)	86,204,534
Machinery and Equipment	3,780,323	53,988	594,189	246,093	(610,793)	4,063,800
Office furniture	2,144,386	-	305,669	255,196	(502,384)	2,202,867
Motor vehicles	1,474,208	-	-	-	(380,007)	1,094,201
Office equipment	471,895	-	25,338	12,753	(52,884)	457,102
Computer equipment	1,273,265	390,182	35,061	56,491	(290,969)	1,464,030
Domestic equipment	1,082,385	137,613	13,629	14,195	(88,306)	1,159,516
	110,433,462	**581,783**	**973,886**	**(2,494,005)**	**(5,004,076)**	**104,491,050**

FIGURES IN RAND

6. PROPERTY, PLANT AND EQUIPMENT

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 is not connected to the entity.

Land and buildings are valued independently every 5 years.

DISPOSALS

During December 2025, the entity experienced a burglary which resulted in the theft of certain items of property, plant and equipment. Following a verification process, the affected assets were recognised as disposals in the current financial year. The carrying amounts of these assets have been derecognized.

DETAILS OF PROPERTIES	2026	2025
HOSPITALITYAND 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		
Building	46,641,815	50,887,267
Land	2,795,000	2,795,000
	49,436,815	**53,682,267**
KABOKWENI TRAINING CENTRE - KABOKWENI		
The property includes an office block, 2 workshops and ablution block. The site area is 5,328 square metres		
Building	8,594,385	9,376,667
Land	430,000	430,000
	9,024,385	**9,806,667**
TECHNICAL TRAINING CENTRE - EMALAHLENI		
The property includes an industrial building, workshops, ablutions and internal offices.The site area is 29,282 square metres.		
Building	24,826,254	27,086,000
Land	1,660,000	1,660,000
	26,486,254	**28,746,000**
MRTT HOUSE		
Erf 312 Witbank Township, Registration Division J.S. in the Province of Mpumalanga (58 French Street Emalahleni).		
Building	1,793,098	1,933,333
Land	390,000	390,000
	2,183,098	**2,323,333**

FIGURES IN RAND

6. PROPERTY, PLANT AND EQUIPMENT (CONT.)

CORRIDOR HILL - EMALAHLENI

	2026	2025
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

	2026	2025
Repairs and Maintenance	439,037	315,684

7. INVESTMENTS IN CONTROLLED ENTITIES

Name of company	Held by	% holding 31 March 2026	% holding 31 March 2025	Carrying amount 31 March 2026	Carrying amount 31 March 2025
Royal Hotel	MRTT	100%	100 %	100	100

MRTT hold 100% shares in 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. PAYABLES FROM EXCHANGE TRANSACTIONS

	2026	2025
Trade payables	3,737,933	6,523,643
Accruals	1,095,300	449,561
Income received in advance	2,716,135	2,574,807
	7,549,368	**9,548,011**

9. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2026	2025
MISH	26,999,032	27,605,955

The Trade payables amount disclosed above includes amounts that are owed to the subsidiary (MISH). The funds are held on behalf of MISH which is a subsidiary company of MRTT.

10. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED CONTRIBUTION PLAN

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

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

	2026	2025
The total economic entity contribution to such schemes	6,650,845	5,655,246
The amount recognised as an expense for defined contribution plans is	6,650,845	5,655,246

FIGURES IN RAND

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2026

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal claim	-	2,000,000	-	--	-	2,000,000
Leave days	3,815,049	1,560,367	(927,562)	-	-	4,447,854
Bonus	1,527,501	-	-	(1,527,501)	-	-
Long service award	566,052	-	(170,000)	-	105,439	501,491
	5,908,602	**3,560,367**	**(1,097,562)**	**(1,527,501)**	**105,439**	**6,949,345**

RECONCILIATION OF PROVISIONS - 2025	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Leave days	3,619,140	665,595	(469,686)	-	3,815,049
Bonus	1,707,940	-	-	(180,439)	1,527,501
Long service award	-	566,052	-	-	566,052
	5,327,080	**1,231,647**	**(469,686)**	**(180,439)**	**5,908,602**

	2026	2025
Non-current liabilities	843,044	766,475
Current liabilities	6,106,301	5,142,127
	6,949,345	**5,908,602**

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, death, retires etc from the employment of MRTT and is only limited to 25 days.

The provision for performance bonuses was derecognized during the 2025/2026 financial year as the criteria for recognition under GRAP 25 were no longer met. In terms of the MRTT Performance Management Policy, bonuses are non-guaranteed and remain subject to organizational affordability and priorities; as there was no formal management or board resolution to authorize payments for this period, no legal or constructive obligation existed at the reporting date.

Consequently, the carrying amount of the provision was reversed to the Statement of Financial Performance. This adjustment reflects the absence of a present obligation and ensures that the financial statements accurately represent the entity's liabilities, as no reliable estimate of an outflow can be justified without a formal discretionary decision.

FIGURES IN RAND

12. 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.

	2026	2025
Opening balance	98,294,990	106,687,944
Realisation of revaluation surplus	(6,981,172)	(8,392,954)
	91,313,818	**98,294,990**

13. LOANS TO (FROM) ECONOMIC ENTITIES

INVESTMENT IN OTHER 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.		
The Royal Hotel matter is at High Court for liquidation process.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 investment in other entity is undergoing a liquidation process as it is no longer a going concern and probability of recovery of the debt is highly unlikely.

FIGURES IN RAND

14. REVENUE FROM EXCHANGE TRANSACTION	2026	2025
Rendering of services	13,517,939	20,279,205
Interest received	986,889	474,673
Bad debts recovered	2,902	6,968
	14,507,730	**20,760,846**

The amount included in revenue arising from exchanges of goods or services are as follows:

Project income	9,616,593	12,660,865
Hotel income	1,155,998	4,054,107
Tuition fees	2,603,474	3,119,987
Other Income	1,131,663	925,886
	14,507,728	**20,760,845**

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.

FIGURES IN RAND

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2026	2025
OPERATING GRANTS		
Service in Kind - Refer to Note 24 for details	764,515	1,461,386
Government grant	103,100,000	75,222,880
Comprehensive Rural Development Programme	-	2,354,220
National Youth Service	-	3,923,700
	103,864,515	**82,962,186**

16. EMPLOYEE RELATED COSTS

	2026	2025
Basic salary	46,874,184	46,083,557
Car Allowance	1,507,347	1,840,017
Leave pay	1,560,366	665,595
Overtime	247,834	762,313
Acting Allowance and Added responsibility	1,587,558	1,302,299
Backpay	936,838	1,662,130
Phone, Housing and Shift Allowances	464,850	529,550
Pension fund	2,615,934	2,222,320
Provident fund	4,034,911	3,432,927
UIF - Company contribution	217,672	248,646
Skills Development Levy - Company contribution	493,750	484,179
Long service awards	(64,561)	566,052
	60,476,683	**59,799,585**

INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS

	2026	2025
PAYE	8,455,222	9,650,233
UIF (employee contribution)	336,879	248,647
Pension fund (employee contribution)	2,898,328	925,433
Provident fund (employee contribution)	4,174,353	1,450,877
Medical aid (employee contribution)	930,869	865,383
	16,795,651	**13,140,573**

FIGURES IN RAND

17. ADMINISTRATIVE EXPENDITURE

	2026	2025
Rates and Taxes	1,900,850	2,002,794
Communication	765,680	831,401
Insurance	422,106	882,412
Motor fleet	1,280,097	1,295,460
Leases	311,763	745,070
Security	4,008,000	4,004,145
Rent	132,661	93,832
Printing and Stationery	394,645	525,305
Repairs and Maintenance	439,037	56,042
Other administrative	1,395,312	960,977
	11,050,151	**11,397,438**

18. IMPAIRMENT LOSS

Impairment loss	(52,501)	2,305,228

19. OPERATING EXPENSES

Auditors remuneration	6,852,750	9,289,360
Bank charges	264,861	279,592
Professional fees	4,936,112	2,990,722
Food and Beverage	749,939	1,058,954
Accommodation	420,434	562,414
Skills development training	607,029	52,786
Marketing	13,927	277,084
Pest control	21,845	7,937
Work placement	81,128	144,108
Printing and stationery	352,048	180,044
Learner Protective clothing	1,052,156	695,047
Training Material	2,510,337	1,299,473
Subsistence and Travel	2,412,924	2,096,927
Hotel Rates, water and electricity	1,306,573	1,438,846
Stipends	5,118,676	6,005,110
Staff Appointment and recruitment	279,718	1,188,761
Learner Toolboxes	208,117	4,037
Production - Construction	3,987,909	3,791,814
Training Centres and Hotel repairs and maintenance	508,439	457,580
Directors expenses	5,170,142	5,000,368
Hotel Security	1,034,143	1,085,199
Hotel operating expenses	1,455,251	1,848,387
Training centre operating expenses	49,614	26,496
Corporate services operating expenses	690,947	1,081,745
	40,085,019	**40,862,791**

20. AUDITOR'S REMUNERATION

	2026	2025
External audit fees	6,390,296	8,378,849
Internal audit fees	462,454	910,511
	6,852,750	**9,289,360**

FIGURES IN RAND

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 GENERATED FROM (USED IN) OPERATIONS

	2026	2025
Deficit	(1,231,283)	(15,646,086)
Adjustments for:		
Depreciation and amortisation	7,982,939	5,004,076
Loss on disposal of assets	314,305	564,407
Adjustment for reversal of bonus provision	(1,527,501)	-
Profit / Loss on sale of asset	85,224	-
Impairment loss	(52,501)	2,305,228
Movements in provisions	1,040,743	581,522
Acturial expenses	105,439	-
Other non cash item	(28,595)	628,862
Revenue service in kind	(764,515)	(1,461,386)
Employee cost service in kind	764,515	1,461,386
Changes in working capital:		
Inventories	(71,760)	80,860
Receivables from exchange transactions	(407,679)	(2,315,863)
Receivables from non exchange transactions	222,020	(355,130)
Negative debtors and positive creditors	(1,738,803)	-
Payables from exchange transactions	2,139,971	3,665,639
Payables from non-exchange transactions	(606,923)	3,561,753
	6,225,596	**(1,924,732)**

23. COMMITMENTS

APPROVED AND AUTHORISED COMMITMENTS

Alreadyc ontracted for but not provided for		
• Commitments	9,215,262	15,817,111
Total operational commitments		
Already contracted for but not provided for	9,215,262	15,817,111

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.

FIGURES IN RAND

23. COMMITMENTS (CONT.)

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
Internal Audit Services	3 years
Meat and Meat Products Supply	3 years

Although these contracts are binding for the duration of the specified term, MRTT is only obligated to procure services as and when 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 entities	Mpumalanga Innovation and Skills Hub and MRTT Royal Hotel Pilgrims Rest (Pty) Ltd 7
Members of key management	Executive Management (Note 23)

RELATED PARTY BALANCES

INTER COMPANY ACCOUNT (RECEIVABLE) - ROYAL HOTEL

	2026	2025
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

	2026	2025
Mpumalanga Department of Education	7,716,378	7,958,743
Impairment of the balance	(7,716,378)	(1,236,450)

PAYABLES WITH RELATIES PARTIES

	2026	2025
Mpumalanga Innovation and Skills Hub	26,951,476	28,242,010

FIGURES IN RAND

24. RELATED PARTIES (CONT.)

	2026	2025
RELATED PARTY TRANSACTIONS		
Mpumalanga Department of Education	5,769,422	5,689,820
PURCHASES FROM (SALES TO) RELATED PARTIES		
Mpumalanga Department of Education - MRTT Allocation	103,100,000	81,500,800
Mpumalanga Department of Education - MISH Allocation	-	5,493,180
PAYMENTS MADE BY DEPARTMENT - SERVICES IN KIND PAYMENTS		
Services in kind payments	(764,515)	(1,461,386)
SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION		
Services in kind	764,515	1,461,386

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

EXECUTIVE: 2026	Sitting fees	Preparation Fees	Subsistence and Travel	Cellphone and data allowance	Total
PP Maoko - Chairperson of the Board of Directors	359,841	346,641	61,542	21,000	789,024
LM Motshwane	258,426	260,692	16,588	15,000	550,706
TR Mokgoshi	268,059	256,579	9,833	15,000	549,471
B Nxumalo	354,678	330,049	36,655	15,000	736,382
MI Tibane	534,094	517,477	71,114	15,000	1,137,685
HH Nkanyane	312,938	302,777	30,536	15,000	661,251
D Dlamini (Audit Committee Chairperson)	155,685	163,350	1,333	15,000	335,368
N Madiba (Risk Management Committee Chairperson) *	94,227	86,304	9,342	15,000	204,873
	2,337,948	**2,263,869**	**236,943**	**126,000**	**4,964,760**

EXECUTIVE: 2025					
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 Nxumalo	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)	220,536	224,982	14,031	15,500	475,049
N Madiba (Risk Management Committee	80,028	80,028	22,265	18,000	200,321
Chairperson) *	**2,190,717**	**2,235,602**	**360,156**	**147,500**	**4,933,975**

* 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.

FIGURES IN RAND

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

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.

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: 2026	Basic salary	Short term benefits (including bonus, acting allowance)	Post employment benefits	Total
CD Maebela Acting Chief Executive Officer	1,459,857	372,155	185,639	2,017,651
B Maleka - Chief Financial Officer [1]	368,922	5,750	47,899	422,571
MG Jafta - Chief Financial Officer [2]	851,455	189,395	110,096	1,150,946
B Hlatshwayo - Acting Chief Financial Officer [3]	978,796	282,225	121,743	1,382,764
G Silaule - General Manager Technical Training Operations [4]	956,724	320,306	250,894	1,527,924
E Mkhabela - Acting General Manager Hospitality and Tourism Academy [5]	669,942	272,222	126,391	1,068,555
A Mnisi - Acting GM - Corporate Services [6]	890,714	317,279	121,367	1,329,360
B Maleka - GM Hospitality and Tourism Academy	496,208	3,708	58,860	558,776
	6,672,618	**1,763,040**	**1,022,889**	**9,458,547**

EXECUTIVE: 2025				
CD Maebela Acting Chief Executive Officer	696,194	113,577	40,601	850,372
MG Jaffa - Chief Financial Officer [2]	1,618,199	24,365	187,865	1,830,429
B Hlatshwayo - Acting Chief Financial Officer [3]	881,967	231,893	103,359	1,217,219
G Silaule - General Manager Technical Training Operations	1,092,611	24,963	127,538	1,245,112
E Mkhabela - Acting General Manager Hospitality and Tourism academy [5]	637,693	425,623	103,602	1,166,918
	4,926,664	**820,421**	**562,965**	**6,310,050**

[1] BH Maleka was appointed General Manager Hospitality and Tourism Academy from 1 September 2025 – 31 December 2025. BH Maleka was appointed Chief Financial Officer from 1 January 2026.

[2] MG Jafta, the substantive CFO, resigned on 30 September 2025.

[3] B Hlatshwayo was Acting CFO from 1 April 2025 – 31 December 2025.

[4] G Silaule GM Technical Training Operations – 1 April 2025 – 31 March 2026.

[5] E Mkhabela was appointed Acting General Manager Hospitality and Tourism Academy from 1 April 2025 – 31 August 2025.

[6] A Mnisi Acting GM Corporate Services – 1 October 2025 – 31 March 2026.

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 period ended 31 March 2026.

FIGURES IN RAND

26. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments

Prior period errors are omissions from, and misstatements in, the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred or, where the error occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

Where it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and net assets/equity for the earliest period for which retrospective restatement is practicable.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period. Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is directly attributable to the acquisition or construction of the asset.

Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets to reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted where appropriate. Repairs and maintenance are recognised in surplus or deficit as incurred, while expenditure that enhances or extends the useful life of an asset is capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its continued use or disposal. Any gain or loss arising on derecognition is recognised in surplus or deficit in the period in which the asset is derecognised.

PAYABLES FROM EXCHANGE TRANSACTIONS

The prior year adjustment relating to payables from exchange transactions arose from the identification of amounts that were incorrectly recognised and recorded in the prior financial period. The error resulted from information that was available at the time the prior year financial statements were prepared but was not appropriately taken into account. As a result, the affected payables from exchange transactions have been corrected retrospectively by restating the comparative figures and the opening balances of the affected liabilities and accumulated surplus/(deficit) for the earliest period presented, in accordance with the applicable reporting framework.

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

During the current financial year, management reassessed the nature of the liabilities relating to MISH. It was determined that these liabilities arose from non-exchange transactions and had previously been incorrectly presented as trade payables from exchange transactions in the comparative financial statements.

FIGURES IN RAND

26. PRIOR-YEAR ADJUSTMENTS (CONT,)

Accordingly, the comparative information has been reclassified to present these balances as trade payables from non- exchange transactions. This reclassification improves the presentation of the financial statements and aligns the classification of liabilities with the substance of the underlying transactions and the applicable GRAP Standards.

The reclassification has no impact on the total liabilities, accumulated surplus/(deficit), net assets, or the surplus/(deficit) for the prior year.

LONG SERVICE AWARDS.

During the current financial year, management identified that the obligation relating to long service awards had not been recognised in the prior financial year. The omission resulted from the entity not recognising the employee benefit obligation in accordance with the requirements of GRAP 25 *Employee Benefits*.

This omission constitutes a prior period error as defined in GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the comparative information has been restated to recognise the long service award liability as at 31 March 2025 and the related employee benefit expense.

RENDERING OF SERVICES

During the current financial year management identified an error relating to income received in advance for the previous year..

The correction has been accounted for retrospectively by adjusting the opening accumulated surplus/(deficit) and the comparative figures presented in the financial statements, to the extent practicable

STATEMENT OF FINANCIAL POSITION 2025	As previously reported	Correction of error	Restated
Property, plant and equipment	99,524,498	4,966,552	104,491,050
Payables from exchange transactions	(37,790,021)	28,242,010	(9,548,011)
Payables from non-exchange transactions	-	(27,605,955)	(27,605,955)
Provisions	(5,342,550)	(566,052)	(5,908,602)
Revaluation reserve	(102,640,390)	4,345,400	(98,294,990)
Accumulated surplus/(deficit)	33,184,278	(9,381,955)	23,802,324
	(13,064,185)	**-**	**(13,064,184)**

STATEMENT OF FINANCIAL PERFORMANCE 2025			
Depreciation and amortisation	10,280,867	(5,276,791)	5,004,076

CASH FLOW STATEMENT 2025			
Cash flow from operating activities			
Rendering of services	17,952,321	1,432,034	19,384,355
Suppliers and employee costs	(101,600,697)	(1,328,733)	(102,929,430)
	(83,648,376)	**103,301**	**(83,545,075)**

FIGURES IN RAND

27. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

OVERVIEW AND FRAMEWORK

The Board of Directors holds overall responsibility for establishing and overseeing the entity's risk management framework. Risk management is performed by management within approved policies and delegated authority levels. Financial instruments are recognised in accordance with GRAP 104: Financial Instruments.

The entity is exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

CREDIT RISK

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet contractual obligations.

A financial asset is considered in default when the counterparty fails to meet payment obligations according to agreed payment terms.

For MRTT the following events indicate default.

(A) LEARNERS

A learner is in default when:

- Training has been completed
- Tuition fees remain unpaid
- Training services are already delivered.

The receivable therefore becomes fully recoverable immediately.

MRTT mitigates credit risk associated with learner receivables by retaining learners' certificates as a form of collateral in instances of non-payment. This proactive provides the entity with leverage to enforce settlement, as certificates are only released upon full payment of outstanding fees.

Although learners' certificates are held as collateral for non-payment, the entity cannot sell these certificates to recover the outstanding debt or recoup its losses.

(B) GOVERNMENT DEPARTMENTS AND SETAs

Section 38(1)(f) of the Public Finance Management Act requires payment of valid invoices within 30 days.

Therefore: Government debt outstanding for more than 30 days is considered in default.

(C) PRIVATE SECTOR SPONSORS

Private companies sponsoring learners are considered in default when payment exceeds agreed terms or exceeds 30 days.

BACKSTOP INDICATOR OF DEFAULT

GRAP 104 provides a rebuttable presumption that default occurs when payments are more than 90 days past due. :

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

MRTT applies the following approach:

- Government debt default at 30 days
- Learners default once training is completed and unpaid
- 90 days used as a backstop indicator where other default indicators do not exist This approach reflects the PFMA requirement and operational reality of MRTT.

FORWARD LOOKING FACTORS

- The official unemployment rate in Mpumalanga remains significantly high and was reported between approximately 32% and 34% during 2025, increasing the risk of non-payment and delayed settlement of accounts.
- Youth unemployment in Mpumalanga was reported at approximately 46% during 2025, which directly affects the future earning capacity and repayment ability of learner debtors.
- Forecast fiscal pressures and constrained government budgets were considered due to ongoing economic challenges affecting provincial and national departments, which may result in slower settlement cycles for government debtors.
- Anticipated liquidity constraints and operational pressures within the hospitality and tourism industry were considered due to high unemployment, inflationary pressures and uncertain economic recovery within the province.
- The anticipated impact of electricity supply constraints, infrastructure challenges and logistics disruptions on businesses operating within Mpumalanga was considered as these factors may negatively affect debtor cash flows and sustainability.
- Expected financial pressure on households due to unemployment, cost of living increases and constrained income growth was considered in assessing the recoverability of learner accounts.
- The anticipated increase in informal sector dependency and financial instability among consumers and small businesses within Mpumalanga was considered when assessing future probability of default.
- Inflation trends and increasing operational costs were considered due to their expected impact on debtor affordability and cash flow sustainability.

SCOPE, MANAGEMENT, AND PRACTICES

The entity's credit risk exposure mainly arises from cash deposits, cash equivalents, and trade debtors/receivables. The entity manages this risk by:

Depositing cash only with major banks with high-quality credit standing (e.g., Standard Bank) to limit exposure to any one counterparty.

Grouping trade receivables across a widespread customer base, primarily derived from learners and training-related services. Reviewing debtor ageing reports monthly and executing ongoing collection procedures.

Setting individual risk limits based on internal/external ratings in accordance with Board-approved parameters.

IMPAIRMENT AND EXPECTED CREDIT LOSS (ECL) MODEL

The entity applies the expected credit loss (ECL) model for financial assets measured at amortised cost. It applies the simplified approach for trade receivables, where lifetime expected credit losses are recognised from initial recognition using a provision matrix based on historical default profiles, current payment trends, and forward-looking macroeconomic data.

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

FINANCIAL INSTRUMENTS EXPOSED TO CREDIT RISK

The financial instruments exposed to credit risk at year-end are as follows:

FINANCIAL INSTRUMENT	2026	2025
Cash and Cash Equivalents (at fair value)	9,335,178	5,826,958

RECEIVABLES FROM EXCHANGE & NON- EXCHANGE (AT AMORTISED COST):

Current	336,381	1,755,373
60 days	6,561,397	498,537
90 – 120 days	3,846,860	8,366,659
+ 150 days	11,573,866	14,206,190
Total Receivables (Amortised Cost)	**22,318,505**	**23,649,629**
Trade Receivables from Non- Exchange	-	1,177,130
Receivables – Royal Hotel	11,151,893	11,151,893

NOTE ON INVESTMENT IN OTHER ENTITIES

The Royal Hotel account (R11,151,893) is 100% fully impaired. Royal Hotel is undergoing liquidation with low recovery prospects due to financial challenges stemming from COVID-19 (as it relied on >95% international guests). The balance has been outstanding for over 180 days.

GROSS CARRYING AMOUNTS BY CREDIT RISK PORTFOLIO

Receivables are grouped into portfolios with similar risk profiles:

Ageing Profile	Learners	CETA	Government Dept	Private/Travel	CET College
Current	166,678.00	1,038,885.89	454,800.60	3,480.00	—
30 days	2,860.00	1,419,616.95	—	—	—
60 days	64,162.70	—	—	—	—
90 days	2,850.00	809,838.65	7,391,638.24	—	—
120 days	—	—	—	—	—
150 days	—	226,505.65	—	—	—
180 days	5,409,859.45	6,862,929.24	757,142.87	196,930.14	400.00
TOTAL	**5,646,410,15**	**10,357,776,40**	**8,603,581,71**	**200,410,14**	**400.00**

FIGURES IN RAND

LOSS ALLOWANCE & NET CARRYING AMOUNT RECONCILIATIONS

Loss Allowance Movement: The opening balance stood at R17,603,638, with a current-year upward adjustment movement of R4,544,464, resulting in an ECL balance of R22,148,464 .

1 April 2025 Carrying Value: R24,808,579 (Gross) - R22,148,464 (Loss Allowance) = R2,660,115 (Fair Value)

31 March 2026 Carrying Value: R24,011,641 (Gross) - R22,095,963 (Loss Allowance) = R1,915,677 (Fair Value)

LIQUIDITY RISK

Liquidity risk is the risk that the entity will encounter difficulty meeting obligations associated with financial liabilities. The risk is driven by funds available to cover future commitments.

LIQUIDITY RISK MANAGEMENT

The entity manages liquidity through:

- Continuous cash flow monitoring and forecasting.
- Monitoring expenditure strictly against approved operating budgets.
- Ensuring ongoing funding streams from transfers and operational credit facilities.

CONTRACTUAL MATURITY ANALYSIS

The table below details the contractual, undiscounted cash flows for financial liabilities. Balances due within 12 months approximate their carrying values because the impact of discounting is insignificant.

Financial Liabilities	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
2026: Trade and Other Payables	32,809,596	-	-	-	**32,809,596**
2025: Trade and Other Payables	35,618,493				**35,618,493**

MARKET RISK

Market risk is the risk that changes in market factors, such as interest rates, foreign exchange rates, and inflation, will affect the entity's income or financial instrument values.

Interest Rate Risk: The entity's primary exposure stems from cash investments in short-term money market deposit accounts. However, because the entity has no significant interest-bearing liabilities, its operating cash flows and income remain substantially independent of shifting market rates. Management monitors prevailing conditions to place surplus cash in competitive interest-bearing instruments.

Foreign Exchange & Price Risk: The entity does not hold equity securities or commodity investments and is therefore not exposed to price risk or foreign exchange fluctuations.

FIGURES IN RAND

28. GOING CONCERN

As required by GRAP 1, management must assess MRTT's ability to continue as a going concern for at least twelve months from the reporting date.

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus /(deficit) of R (22,603,216) and that the entity's total assets exceeds the liabilities by R 68,710,602 which covers the solvency of the entity.

Management has assessed the entity's ability to continue operating as a going concern. The assessment considered the entity's financial performance, financial position, liquidity levels and continued government support. During the 2025/26 financial year, the entity generated total revenue of R118.4 million compared to R103.7 million in the prior year, reflecting an increase primarily attributable to government grant funding and operational activities. Total expenditure increased from R119.4 million in the prior year to R119.6 million during the current year.

The entity recorded a net deficit of R1.2 million for the year ended 31 March 2026, representing a significant improvement from the prior year deficit of R15.6 million. This improvement demonstrates progress towards enhanced financial sustainability and operational efficiency.

As at 31 March 2026, the entity's current liabilities exceeded current assets by R29.3 million, with current liabilities amounting to R40.7 million and current assets amounting to R11.4 million. The entity further maintained negative liquidity levels, although cash and cash equivalents increasing from R5.8 million in the prior year to R9.3 million at year-end.

The entity also continues to maintain a substantial investment in property, plant and equipment, with a carrying value of R98.8 million as at 31 March 2026, which supports the continued delivery of its mandate and operational activities.

MRTT is a Schedule 3C public entity. The Mpumalanga Department of Education has issued a formal 3-year grant allocation letter covering 2026 to 2028.

The Department of Education confirmed MRTT's mandate and approved the 2026/27 Annual Performance Plan and the 5-year Strategic Plan (2026–2030).

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

The 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 members 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.

FIGURES IN RAND

29. SUBSEQUENT EVENTS

29.1 ADJUSTING EVENT

Subsequent to the reporting date, the Entity concluded negotiations in respect of a legal claim instituted by Vodacom relating to a matter that existed prior to 31 March 2026. The settlement reached after the reporting date provided additional evidence of the obligation that existed at the reporting date.

THE NATURE OF THE EVENT

A claim arising from a letter of demand received from Vodacom alleging an amount of R6 465 892 million due by MRTT.

Subsequent to year end on 26 July 2026 there was a settlement agreement of R2 million with Vodacom which is a adjusting event after reporting date.

29.2 NON-ADJUSTING EVENT

The Accounting Authority is not aware of any material events that occurred after the reporting date of approval of the annual financial statements that would have a material impact on the financial position or operations of the entity, except deregistration of MISH.

The MISH, a subsidiary of MRTT was officially deregistered by the Companies and Intellectual Property Commission (CIPC) on 26 May 2026.

The deregistration occurred after the reporting date ie 31 March 2026 and has been assessed as a non-adjusting event in terms of the applicable accounting standards.

Management has considered the impact of the deregistration on the annual financial statements and concluded that no adjustment to the amounts recognised in the financial statements for the year ended 31 March 2026 was required.

THE NATURE OF THE EVENT

Subsequent to the reporting date of 31 March 2026, MISH was deregistered with CIPC on 26 May 2026. The deregistration represents a subsequent event arising after the reporting date and does not provide evidence of conditions that existed at 31 March 2026. Accordingly, the event has been assessed as a non-adjusting event and no adjustment has been made to the amounts recognised in the financial statements for the year ended 31 March 2026.

AN ESTIMATE OF ITS FINANCIAL EFFECT

The financial effect of the deregistration is not expected to result in a material adjustment to the financial statements for the year ended 31 March 2026. The final financial effect of the deregistration cannot be reliably quantified at the reporting date, as the process of finalizing the transfer and accounting for the remaining assets and liabilities will take place in the financial year 2026/2027.

FIGURES IN RAND

30. FRUITLESS AND WASTEFUL EXPENDITURE

	2026	2025
Fruitless and wasteful expenditure	199,645	197,938

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

During the financial year ended 31 March 2026, 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 towards year-end 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.

31. IRREGULAR EXPENDITURE

	2026	2025
Add: Irregular Expenditure - current year	4,862,678	16,331,561

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

		2026
Incident 1	Extension of contract	887,504
Incident 2	Extension of contract	28,506
Incident 3	Extension of contract	497,592
Incident 4	Extension of contract	254,527
Incident 5	Extension of contract	26,019
Incident 6	Extension of contract	217,214
Incident 8	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	462,454
Incident 9	Submission of tender time not in submission register of tender	1,594,000
Incident 10	Submission of tender time not in submission register of tender	894,862
		4,862,678

Refer to Annual Report for detailed breakdown”

FIGURES IN RAND

32. SEGMENT INFORMATION

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.

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.

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 disaggregation.

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 Finance, Human Resources, Supply Chain, Quality Assurance, Marketing

FIGURES IN RAND

32. SEGMENT INFORMATION (CONT.)

2026

REVENUE	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
Revenue from exchange transactions	3,303,786	10,092,765	124,289	13,520,840
Revenue from non-exchange transactions	-	-	103,864,515	103,864,515
Interest revenue	-	-	986,889	986,889
Total segment revenue	**3,303,786**	**10,092,765**	**104,975,693**	**118,372,244**
Entity's revenue				**118,372,244**

EXPENDITURE				
Administration	-	-	(11,050,151)	(11,050,151)
Operating expenses	(6,318,217)	(12,896,074)	(20,870,726)	(40,085,017)
Personnel	(13,275,674)	(20,404,551)	(26,796,458)	(60,476,683)
Total segment expenditure	**(19,593,891)**	**(33,300,625)**	**(58,717,335)**	**(111,611,851)**

Total segmental surplus/(deficit)	**6,760,393**
Impairment loss reversal	52,501
Depreciation and amortisation	(7,958,952)
Impairment of assets	(85,224)
Entity's surplus (deficit) for the period	**(1,231,282)**

2025

REVENUE	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
Revenue from exchange transactions	6,789,406	13,053,320	443,445	20,286,171
Revenue from non-exchange transactions	-	8,946,340	74,015,846	82,962,186
Interest revenue	-	-	474,673	474,673
Total segment revenue	**6,789,406**	**21,999,660**	**74,933,964**	**103,723,030**
Entity's revenue				**103,723,030**

EXPENDITURE				
Administrative	-	-	(11,397,438)	(11,397,438)
Operating expenses	(7,708,212)	(11,226,031)	(21,928,548)	(40,862,791)
Personnel	(12,354,144)	(23,299,687)	(24,145,754)	(59,799,585)
Total segment expenditure	**(20,062,356)**	**(34,525,718)**	**(57,471,740)**	**(112,059,814)**

Total segmental deficit	**(8,336,784)**
Impairment loss	(2,305,228)
Depreciation and amortisation	(5,004,076)
Entity's surplus (deficit) for the period	**(15,646,086)**

FIGURES IN RAND

32. SEGMENT INFORMATION (CONT.)

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.

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 impairment is 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.

FIGURES IN RAND

33. 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 2025 to 31 March 2026

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 2026 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)

33.1 RENDERING OF SERVICES

The unfavourable variance is due to the entity undertaking fewer projects than originally anticipated during the period under review.

33.2 INTEREST RECEIVED

The favourable variance is due interest received from the balance in bank accounts.

33.3 GOVERNMENT GRANTS & SUBSIDIES

The unfavourable variance is due to an outstanding amount of R600 000 that had not yet been received from Department at year-end. There was no variance on the original budget allocation, as the full budgeted amount was invoiced to the Department of Education. An additional budget allocation of R10.6 million was received to assist the entity in addressing budget pressures experienced during the mid-term period. The adjustment assisted the entity in meeting its commitments up to the end of the financial year.

33.4 EMPLOYEE RELATED COSTS

The favourable variance is mainly attributable to the additional budget allocation of R10.6 million received from the Department of Education, as well as vacant positions that remained unfilled during the financial year.

33.5 CAPITAL EXPENDITURE

The favourable variance is due to lower capital expenditure requirements during the financial year.

33.6 GOODS AND SERVICES

The favourable variance is attributable to less-than-budgeted expenditure incurred on various projects undertaken during the year under review. The budget adjustment received was sufficient to offset the additional expenditure incurred.

MPUMALANGA INNOVATION AND SKILLS HUB
(REGISTRATION NUMBER 2020/454435/08)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE MPUMALANGA INNOVATION AND SKILLS HUB

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Mpumalanga Innovation and Skills Hub set out on pages 145 to 162, which comprise the statements of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the 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, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Innovation and Skills Hub as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

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

EMPHASIS OF MATTERS

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

SUBSEQUENT EVENTS

7. I draw attention to note 15 in the financial statements, which indicates that subsequent to year- end, the entity was deregistered with the Companies and Intellectual Property Commission and ceased to exist as a separate legal entity. However, its functions and programmes continue to be administered by the controlling entity, Mpumalanga Regional Training Trust, through Programme 4: Mpumalanga innovation and skills hub.

RESTATEMENT OF THE CORRESPONDING FIGURES

8. As disclosed in note 13 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.

IRREGULAR EXPENDITURE

9. As disclosed in note 16 to the financial statements, irregular expenditure of R106 924 was incurred, as expenditure was incurred in excess of the approved budget.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

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

12. 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.
13. 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 on page xx, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

14. As the entity was not yet fully operational during the year under review, the entity did not prepare and report on performance information. I did not audit and report on the usefulness and reliability of the performance information for the public entity.

REPORT ON COMPLIANCE WITH LEGISLATION

15. In accordance with the Public Audit Act 25 of 2004 and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
16. 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.
17. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
18. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENT AND ANNUAL REPORT

19. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were corrected and resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

20. I was unable to obtain sufficient appropriate audit evidence that at least three written price quotations were obtained as required by Treasury Regulation 16A6.1 and paragraph 3.2.1 of the supply chain management (SCM) instruction note 2 of 2021/22 in a material number of instances.
21. I was unable to obtain sufficient appropriate audit evidence that quotations were accepted only from bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state as required by Treasury Regulation 16A8.4 and Par 7.2 of NTI 03 of 2021/22.

22. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to bidders in an economical manner and/or prices for the goods or services were reasonable as required by PFMA 57(b) and SCM instruction note 2 of 2021/22 par. 3.2.4 (b).
23. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1(d).

INTERNAL CONTROL DEFICIENCIES

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

26. Management did not implement adequate internal controls to ensure the preparation regular, accurate, and complete financial reports supported by reliable information. Consequently, material adjustments were necessary to the financial statements during the audit, resulting in material non-compliance with the PFMA.
27. Management did not adequately review and monitor compliance with applicable legislation. As a result, material non-compliance relating to SCM processes was neither prevented nor detected and corrected timeously, resulting in the incurrence of irregular expenditure.
28. The accounting authority did not ensure that an adequate action plan was developed, implemented, and monitored to address identified internal control deficiencies. Consequently, recurring deficiencies in the preparation and review of the financial statements resulted in material adjustments during the audit, leading to material non-compliance with the PFMA.

Auditor-General

Mbombela

25 August 2026

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 entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

MRTT

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

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

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Members	PP Maoko - Chairperson of the Board of Directors LM Motshwane B Nxumalo (Formerly B Sibanyoni) HH Nkanyane MI Tibane TR Mokgoshi LH Moyane - Head Official: Provincial Department of Education (*Ex Officio*) D Dlamini (Independent Audit Committee Chairperson) - Invited to board meetings as and when required. N Madiba (Independent Risk Management Committee Chairperson) - Invited to board meetings as and when required.
Registered office	58 French Street and Albert Avenue Emalahleni Mpumalanga 1035
Controlling entity	Mpumalanga Regional Training Trust incorporated in 1993 with a company registration number of 1993/006131/08
Auditor	Auditor-General South Africa (AGSA)
Secretary	NK Mametja
Companyregistration number	2020/454435/08

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BOARD'S RESPONSIBILITIES AND APPROVAL

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

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board 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 2027 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 entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The members of the board are primarily responsible for the financial affairs of the entity..

The external auditors are 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 auditors and their report is presented on page 140.

The annual financial statements set out on page 145 to 162, which have been prepared on the going concern basis, were approved by the board on 31 May 2026 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
31 May 2026

REPORT OF THE BOARD

The Accounting Authority hereby submits its report for the financial year ended 31 March 2026 for the Mpumalanga Innovation and Skills Hub ("MISH").

1. INCORPORATION

The entity was incorporated on 01 July 2020 and obtained its certificate to commence business on the same day.

The entity doesn't have a bank account, the administration, internal controls and systems are managed by the parent company. The entity operated during the financial year using the parents approved delegation and authority.

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The reported net deficit of the entity was R 691 128 for the year ended 31 March 2026 compared to a deficit (2025: surplus R4 253 511) in the prior year, reflecting a significant improvement in the financial performance of the entity.

3. GOING CONCERN

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of R 9,718,871.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. Mpumalanga Innovation and Skills Hub (MISH) was formally deregistered by the Companies and Intellectual Property Commission (CIPC) on 26 May 2026.

As the deregistration occurred after the reporting date, it is considered a non-adjusting event after the reporting date. Accordingly, the annual financial statements for the year ended 31 March 2026 have been prepared on the going concern basis.

4. SUBSEQUENT EVENTS

The Board of Directors of Mpumalanga Innovation and Skills Hub (Registration Number: 2020/454435/08) formally approved the deregistration of the entity. The final deregistration of the entity was effected on 26 May 2026 by the Companies and Intellectual Property Commission (CIPC) upon completion of the statutory deregistration process, in accordance with all applicable regulatory requirements and in terms of Section 82(3) of the Companies Act, 2008.

The MISH, a subsidiary of MRTT was officially deregistered by the Companies and Intellectual Property Commission (CIPC) on 26 May 2026.

The deregistration occurred after the reporting date ie 31 March 2026 and has been assessed as a non-adjusting event in terms of the applicable accounting standards.

Management has considered the impact of the deregistration on the annual financial statements and concluded that no adjustment to the amounts recognised in the financial statements for the year ended 31 March 2026 was required.

THE NATURE OF THE EVENT

Subsequent to the reporting date of 31 March 2026, MISH was deregistered with CIPC on 26 May 2026. The deregistration represents a subsequent event arising after the reporting date and does not provide evidence of conditions that existed at 31 March 2026. Accordingly, the event has been assessed as a non-adjusting event and no adjustment has been made to the amounts recognised in the financial statements for the year ended 31 March 2026.

AN ESTIMATE OF ITS FINANCIAL EFFECT

The financial effect of the deregistration is not expected to result in a material adjustment to the financial statements for the year ended 31 March 2026. The final financial effect of the deregistration cannot be reliably quantified at the reporting date, as the process of finalizing.

5. ACCOUNTING POLICIES

The following Generally Recognised Accounting Practice were applied prior to the commencement dates in the current year:

The impact on the results of the entity in adopting the above policies is reflected in note 2 to the annual financial statements.

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. BOARD

On 22 November 2023, the Board of Directors of the Mpumalanga Regional Training Trust , the holding company of Mpumalanga Innovation and Skills Hub (MISH), resolved to dissolve the Board of MISH and to deregister it at Companies and Intellectual Property Commission. The Executive Council approved the deregistration of MISH. On 26 May 2026, MISH was formally deregistered with CIPC.

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

NAME

PP Maoko - Chairperson of the Board of Directors

LM Motshwane

B Nxumalo (Formerly B Sibanyoni)

HH Nkanyane

MI Tibane

TR Mokgoshi

LH Moyane - Head Official: Provincial Department of Education (*Ex Officio*)

D Dlamini (Independent Audit Committee Chairperson) - Invited to board meetings as and when required.

N Madiba (Independent Risk Management Committee Chairperson) - Invited to board meetings as and when required.

7. SECRETARY

The secretary of the entity is NK Mametja of:

Business address	No. 5 Schonland Drive Ferrobank Emalahleni 1035
Postal address	Private Bag X7288 Emalahleni 1035

7. CORPORATE GOVERNANCE

GENERAL

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

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

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

BOARD OF DIRECTORS

The Board:

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

CHAIRPERSON AND CHIEF EXECUTIVE

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

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

8. CONTROLLING ENTITY

The entity's controlling entity is Mpumalanga Regional Training Trust incorporated in 1993 with a company registration number of 1993/006131/08.

The annual financial statements set out on pages 145 to 162, which have been prepared on the going concern basis, were approved by the board on 31 May 2026 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
31 March 2026

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
ASSETS			
CURRENT ASSETS			
Receivables from non-exchange transactions	2	506,468	27,605,957
NON-CURRENT ASSETS			
Property, plant and equipment	3	9,212,403	9,296,607
Total Assets		**9,718,871**	**36,902,564**
Net Assets		**9,718,871**	**36,902,564**
Accumulated surplus		9,718,871	36,902,565
Total Net Assets		**9,718,871**	**36,902,565**

*See Note 13

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants & subsidies	5	-	5,493,180
EXPENDITURE			
Depreciation	6	(69,968)	(70,328)
Profit / loss on disposal of asset / impairment loss		(14,236)	-
General Expenses	8	(606,924)	(1,169,341)
Total expenditure		**(691,128)**	**(1,239,669)**
(Deficit)/surplus for the year		**(691,128)**	**4,253,511**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Accumulated deficit	Total net assets
Balance at 01 April 2024	**33,332,662**	**33,332,662**
Changes in net assets		
Surplus for the year	4,253,511	4,253,511
Total changes	**4,253,511**	**4,253,511**
Opening balance as previously reported	**37,586,175**	**37,586,175**
Adjustments		
Prior year adjustments Opening Balance 2024-25 Note 13	(683,611)	(683,611)
Restated* Balance at 01 April 2025 as restated*	**36,902,564**	**36,902,564**
Changes in net assets		
Surplus/ (Deficit) for the year	(691,128)	(691,128)
GRAP 104 initial adoption 1 April 2025	(26,492,565)	(26,492,565)
Total changes	**(27,183,693)**	**(27,183,693)**
Balance at 31 March 2026	**9,718,871**	**9,718,871**
Note(s)		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Note(s)	2026	2025 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Grants		-	5,493,180
Other receipts		606,923	-
		606,923	**5,493,180**
PAYMENTS			
Employee costs		-	(126,029)
Suppliers		(606,923)	(1,169,341)
Other receivable from non-exchange transactions		-	(4,197,810)
		(606,923)	(5,493,180)
Net cash flows from operating activities	10	**-**	**-**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2026

BUDGET ON CASH BASIS FIGURES IN RAND	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
STATEMENT OF FINANCIAL PERFORMANCE						
EXPENDITURE						
General Expenses	(500,000)	-	(500,000)	(606,924)	(106,924)	17
Deficit before taxation	**(500,000)**	**-**	**(500,000)**	**(606,924)**	**(106,924)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(500,000)**	**-**	**(500,000)**	**(606,924)**	**(106,924)**	

SIGNIFICANT ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATION

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.

1.2 PRESENTATION CURRENCY

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

1.3 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.

1.4 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.

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

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

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land	Straight-line	Infinite
Plant and machinery	Straight-line	25
Furnture and fixtures	Straight-line	25
Office equipment	Straight-line	25
Computer equipment	Straight-line	15

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

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

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

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements .

1.5 FINANCIAL INSTRUMENTS

The entity has adopted GRAP 104 for the first time in the current financial year. Financial instruments are recognised and measured in accordance with GRAP 104.

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
    - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

MISH receivable was outstanding for more than 90 days at 31 March 2026. Accordingly, the receivable is presumed to be in default for purposes of the ECL assessment.

Management has considered the 90-day backstop as one of the factors supporting the conclusion that the receivable is in default.

1.6 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

1.7 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.

1.8 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 accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2025 to 31/03/2026.

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.

The annual financial statements and the budget are not prepared on the same basis of accounting. The annual financial statements are prepared on the accrual basis of accounting in accordance with Standards of GRAP, while the approved budget of MISH is prepared on the cash basis of accounting. Accordingly, the Statement of comparison of budget and actual amounts is prepared on the cash basis to ensure consistency with the approved budget and GRAP 24.

The entity considers any variance amount above 10% as material.

1.9 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 those family members who may be expected to influence, or be influenced by that person 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.

MRTT is a related party to MISH.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND

2. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2026	2025
MRTT Holding Company	26,999,032	27,605,957
Expected credit loss	(26,492,564)	-
	506,468	**27,605,957**

MISH does not maintain an independent accounting system or operate a separate bank account. As a result, all financial transactions undertaken on behalf of MISH are processed through the accounting system and bank accounts of the MRTT, the parent entity.

All receipts relating to MISH activities, including funding received, and all payments made on behalf of MISH are received and disbursed through the bank accounts administered by MRTT. MRTT records these transactions in its accounting records and maintains a corresponding inter-entity account to account for amounts attributable to MISH.

The balance reflected above represents the net outstanding balance arising from these transactions at the reporting date. This balance comprises cumulative receipts and payments processed by MRTT on behalf of MISH that had not been settled between the entities as at year end.

Accordingly, MISH does not hold any cash and cash equivalents in its own name at the reporting date, as all cash resources are administered and controlled by MRTT. The balance disclosed in these financial statements therefore represents MISH's net claim against, or obligation to, MRTT resulting from the centralised cash management arrangements.

Management considers this accounting treatment appropriate as it faithfully represents the substance of the arrangement whereby MRTT acts as the banking and accounting agent for MISH. The inter-entity balance is eliminated on consolidation in the consolidated financial statements of MRTT.

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

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

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

MISH 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 expected credit loss was R (26 492 565) as of 31 March 2026 (31 March 2025: R0). Changes in Accounting Policy – Initial Application of the Revised GRAP 104: Financial Instruments Nature of the change in accounting policy

The Accounting Standards Board issued a revised GRAP 104: Financial Instruments, which introduces (among other changes) a revised impairment methodology based on an Expected Credit Loss (ECL) model for the measurement of impairment of financial assets, including receivables. In accordance with the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the entity is required to disclose the nature and effect of the initial application of a new or revised standard of GRAP.

Management effected the initial application of the revised GRAP 104 with effect from 1 April 2025, being the beginning of the current reporting period.

The initial application of the revised GRAP 104 resulted in an adjustment to the opening balance of the impairment allowance (ECL) on debtors as at 1 April 2025. The effect of the change was as follows:

Increase in the debtors impairment (ECL) opening balance as at 1 April 2025 R26 492 565.

FIGURES IN RAND

2. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONT.) 2026 2025

The increase in the impairment allowance was not recognised in the surplus or deficit for the current reporting period, but was raised directly against the opening balance of accumulated surplus/deficit as at 1 April 2025 being the beginning of the current reporting period, as follows:

Accumulated surplus/deficit opening balance as at 1 April 2025 – decrease (R26 492 565).

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Provision for impairment 1 April 2025 (1st adoption of GRAP 104)	26,492,565	-

3. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value
Land	8,100,000	-	8,100,000	8,100,000	-	8,100,000
Plant and machinery	133,000	(18,161)	114,839	133,000	(12,846)	120,154
Furniture and fixtures	635,545	(86,769)	548,776	635,545	(61,371)	574,174
Office equipment	7,936	(1,083)	6,853	7,936	(766)	7,170
Computer equipment	572,109	(130,174)	441,935	590,072	(94,963)	495,109
Total	**9,448,590**	**(236,187)**	**9,212,403**	**9,466,553**	**(169,946)**	**9,296,607**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2026

	Opening balance	Disposals	Depreciation	Total
Land	8,100,000	-	-	8,100,000
Plant and machinery	120,154	-	(5,315)	114,839
Furniture and fixtures	574,174	-	(25,398)	548,776
Office equipment	7,170	-	(317)	6,853
Computer equipment	495,109	(14,236)	(38,938)	441,935
	9,296,607	**(14,236)**	**(69,968)**	**9,212,403**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	Opening balance	Depreciation	Total
Land	8,100,000		8,100,000
Plant and machinery	125,470	(5,316)	120,154
Furniture and fixtures	599,571	(25,397)	574,174
Office equipment	7,486	(316)	7,170
Computer equipment	534,408	(39,299)	495,109
	9,366,935	**(70,328)**	**9,296,607**

The disposals arose as a result of computer equipment which was stolen during a burglary at the Emalahleni Training Centre in December 2025.

The effective date of the revaluations was 31 March 2024. Valuations were performed by independent valuer, Mr Tsakane Montani [Professional Valuer], of Montani Property Valuers and Projects. Montani Property Valuers is not connected to the entity.

Land and buildings are valued independently every 5 years.

FIGURES IN RAND

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property was valued by means of the residual method of valuation. This method of valuation was selected because of its potential for township proclamation and secondly, due to limited market information relating to properties with a similar extent and location that have recently been sold in the immediate vicinity of the subject property.

A register containing the information required by the Companies Act 71 of 2008 available for inspection at the registered office of the entity.

4. REVENUE

	2026	2025
Government grants & subsidies	-	5,493,180

The amount included in revenue arising from non-exchange transactions is as follows:

TAXATION REVENUE

TRANSFER REVENUE

	2026	2025
Government grants & subsidies	-	5,493,180

NATURE AND TYPE OF SERVICES IN-KIND ARE AS FOLLOWS

From the prior year, Service in kind was received from the Acting CEO, Acting CFO and the MRTT Board (nature of service-oversight). The Acting CEO and Acting CFO were assigned to MRTT and employed on a full-time basis at MRTT while the board provided oversight over the affairs of MISH after the decision to dissolve the board of MISH in the previous financial year. The reason for the secondment is that the MISH was not operational during the year. The work done on MISH is considered to be insignificant as the entity was not operational as staff was focused on the MRTT programme 4: The Establishment of the Provincial Skills and Innovation Hub which was the service delivery that MISH was planned to provide. The entity also received a service in-kind in the form of the right-of-use of a building owned by the parent entity (MRTT).

5. GOVERNMENT GRANTS & SUBSIDIES

OPERATING GRANTS

	2026	2025
Operational Grant from MRTT Holding Entity	-	5,493,180

6. DEPRECIATION

	2026	2025
Property, plant and equipment	69,968	70,328

7. AUDITORS' REMUNERATION

	2026	2025
Fees	465,752	995,995

8. GENERAL EXPENSES

	2026	2025
Auditors remuneration	465,752	995,995
Consulting and professional fees	141,172	173,346
	606,924	**1,169,341**

9. GAINS OR LOSSES ON DISPOSAL OR IMPAIRMENT OF ASSETS

	2026	2025
Profit / loss on disposal of asset / impairment loss	(14,236)	-

FIGURES IN RAND

10. CASH GENERATED FROM OPERATIONS

	2026	2025
(Deficit) surplus	(691,128)	4,253,511
Adjustments for:		
Depreciation and amortisation	69,968	70,328
Gain on sale of assets and liabilities	14,236	-
Changes in working capital:		
Other receivables from non-exchange transactions	606,924	(4,197,810)
Payables from exchange transactions	-	(126,029)
	-	-

11. OPERATING (DEFICIT)/SURPLUS

Operating (deficit) surplus for the year is stated after accounting for the following:

Profit / loss on disposal of asset / impairment loss	14,236	-
Depreciation on property, plant and equipment	69,968	70,328

12. RELATED PARTIES

RELATIONSHIPS

Members	Refer to members' report note
Ultimate controlling entity	Mpumalanga Department of Education
Controlling entity	Mpumalanga Regional Training Trust

RELATED PARTY BALANCES

AMOUNTS INCLUDED IN GOVERNMENT GRANTS AND SUBSIDIES

Department of Education Grants	-	5,493,180

AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES

Mpumalanga Regional Training Trust	26,999,032	27,605,957

13. PRIOR-PERIOD ERRORS

During the current financial year, the entity identified prior period error on personnel expenditure which was erronously included in the expenditure for MRTT. The error has been corrected retrospectively, and the comparative amounts for the prior period have been restated.

During the current financial year, management identified a presentation error in the prior period Cash Flow Statement. In previous year financial statements, opening and closing balances for cash and cash equivalents were presented despite the entity not maintaining a bank account and not holding cash or cash equivalents.

Following a reassessment of the underlying accounting records, management concluded that Cash Flow Statement should not present cash and cash equivalent balances where no such balances exist. The comparative presentation has therefore been amended to remove the opening and closing cash and cash equivalent balances and to present the movements in operating activities in a manner consistent with the economic substance of the entity's transactions.

FIGURES IN RAND

13. PRIOR-PERIOD ERRORS

The amount of R4 197 810 represents movements in receivables / transactions. The correction relates solely to the presentation of the Cash Flow Statement and has no effect on the Statement of Financial Position, Statement of Financial Performance, net assets, accumulated surplus or deficit, or the recognition and measurement of any assets, liabilities, revenue, or expenditure.

In accordance with GRAP 3, this omission has been assessed as a prior period error. The error has been corrected retrospectively, and the comparative amounts for the prior period have been restated as follows:

STATEMENT OF FINANCIAL POSITION: 2025	Note	Correction of error
Receivables from non-exchange transactions		(683,611)
Accumulated surplus/(deficit)		683,611

CASH FLOW STATEMENT: 2025	Note	Correction of error
CASH FLOW FROM OPERATING ACTIVITIES		
Government grants and subsidies		5,493,180
Employee related costs		(126,029)
Suppliers		(1,169,341)
		4,197,810

14. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the board. Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The board provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

LIQUIDITY RISK

As at 31 March 2026, the entity had no financial liabilities requiring settlement. Consequently, management considers liquidity risk to be insignificant. Operational funding and administrative functions continue to be provided by MRTT.

CREDIT RISK

Risk management is performed by management within approved policies and delegated authority levels. Financial instruments are recognised in accordance with GRAP 104: Financial Instruments.

The entity is exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

FIGURES IN RAND

14. RISK MANAGEMENT (CONT.)

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet contractual obligations.

A financial asset is considered in default when the counterparty fails to meet payment obligations according to agreed payment terms.

For MISH, the following events indicate default.

BACKSTOP INDICATOR OF DEFAULT

GRAP 104 provides a rebuttable presumption that default occurs when payments are more than 90 days past due. MRTT current liabilities exceed current assets.

GOVERNMENT DEPARTMENT

Government debt default at 30 days. Section 38(1)(f) of the Public Finance Management Act requires payment of valid invoices within 30 days. Therefore, Government debt outstanding for more than 30 days is considered in default.

This approach reflects the PFMA requirement and operational reality of MISH.

Age of the receivable -The receivable was outstanding for more than 90 days at 31 March 2026. This is a significant indicator of default in terms of the GRAP 104 backstop.

Absence of recovery at reporting date - The amount remained outstanding at the reporting date.

The absence of settlement, together with the age of the receivable, is considered relevant evidence in assessing the expected recovery of the balance.

FORWARD LOOKING

Expected cash recovery - After considering the circumstances surrounding the balance, management concluded that there was no reasonable expectation of recovery of the full amount at the reporting date.

Management therefore concluded that the expected cash shortfall was equal to the full gross carrying amount.

IMPAIRMENT AND EXPECTED CREDIT LOSS (ECL) MODEL

The entity applies the expected credit loss (ECL) model for financial assets measured at amortised cost. It applies the simplified approach for trade receivables, where lifetime expected credit losses are recognised from initial recognition using a provision matrix based on historical default profiles, current payment trends, and forward-looking macroeconomic data.

The receivable is considered not to be fully recoverable from the debtor and no amount is put up as collateral.

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

FINANCIAL INSTRUMENT	2026	2025
Receivables from non-exchange transactions	26,999,033	27,605,957

The receivable is considered to be fully recoverable from the debtor and no amount is put up as collateral.

FIGURES IN RAND

15. GOING CONCERN

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of R 9,718,871 and property, plant and equipment with a carrying value of R9,212,403.

The financial statements also reflect a receivable from the controlling entity, MRTT, amounting to R26,999,032 before the expected credit loss allowance.

At 31 March 2026, the entity had no financial liabilities requiring settlement. Consequently, management considered the entity's liquidity risk to be insignificant at year-end. Operational funding and administrative functions continued to be provided by MRTT.

For the year ended 31 March 2026, MISH reported a deficit of R691,128, compared with a surplus of R4,253,511 in the prior year. The deficit was primarily attributable to depreciation, debt impairment and general expenses.

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.

Subsequent to the reporting date of 31 March 2026, and prior to the submission of the annual financial statements for audit, MISH was formally deregistered with the Companies and Intellectual Property Commission (CIPC).

As the deregistration occurred after the reporting date, it is considered a non-adjusting event after the reporting date. Accordingly, the annual financial statements for the year ended 31 March 2026 have been prepared on the going concern basis.

Although the entity reported a deficit for the current year, management does not consider the deficit, in isolation, to be indicative of an inability to continue operating. The following factors were also considered:

- MISH does not have immediate liquidity pressure;
- There are no financial liabilities requiring settlement;
- Assets are not materially funded by external debt;
- MISH has strong net asset position;
- There is no material liability burden; and
- The entity has positive net assets.

While MISH will cease to exist as a separate legal entity following its deregistration, the underlying activities and programmes previously undertaken through MISH will continue under MRTT. The controlling entity, through programme 4.

16. IRREGULAR EXPENDITURE	2026	2025
Irregular Expenditure - current	106,924	-

Irregular expenditure is presented inclusive of VAT.

ADDITIONAL DISCLOSURE

The irregular expenditure arises from insufficient budget.

FIGURES IN RAND

17. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The MISH budget was approved by the members on 18 March 2025 for the budget relating to the financial year 2025/2026. The follow material differences between the amounts budgeted and actual expenditure was noted:

DEPRECIATION

100% variance. All the expenses were budgeted for on the General Expenses line being Goods and Services resulting in the over expenditure on the Depreciation line.

GENERAL EXPENSES BEING GOODS AND SERVICES

The unfavourable variance in general expenses was due to under budgeting on the general expenses line being goods and services.

MPUMALANGA REGIONAL TRAINING TRUST GROUP
(REGISTRATION NUMBER 1993/006132/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

REPORT OF THE AUDITOR-GENERAL

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

QUALIFIED OPINION ON THE CONSOLIDATED 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 179 to 237, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 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 2026 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR QUALIFIED OPINION

PROVISIONS

3. I was unable to obtain sufficient appropriate audit evidence for leave provision due to the status of accounting records. I was unable to confirm the provision by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the leave provision stated at R4,4 million (2024-25: R3,8 million) in note 11 to the consolidated and separate financial statements.

CASH FLOW FROM OPERATING ACTIVITIES

4. Cash received from rendering of services was incorrectly calculated as it did not include the cash movements from receivables from exchange transactions, which constitutes a departure from GRAP 2, Cash flow statement. Consequently, the corresponding figure for cash received from rendering of services was overstated by R1,5 million in the consolidated and separate financial statements.

CASH GENERATED FROM (USED IN) OPERATIONS

5. Cash generated from (used in) operations was not correctly prepared and disclosed as required GRAP 2: Cash flow statements. This was due to multiple errors in determining cash generated from (used in) operations as disclosed in note 22. I was not able to determine the full extent of the errors in the cash generated from (used in) operations, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash generated from (used in) operations as stated at R6,2 million in the consolidated and separate financial statements

GOING CONCERN

6. Contrary to the requirements of GRAP 1: Presentation of financial statements, going concern disclosure in the consolidated and separate financial statements was not appropriately disclosed. A material uncertainty related to going concern of the group exists and appropriate disclosures have not been included in the consolidated and separate financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so.

PRIOR PERIOD ADJUSTMENTS

7. The consolidated and separate financial statements of Mpumalanga Regional Training Trust were misstated as the prior period errors disclosed in note 26 to the financial statements were not accounted for, as required by GRAP 3: Accounting policies, estimates and errors. This was due to multiple errors noted in the prior period error. I was unable to determine the full extent of the errors in prior period errors note as it was impractical to do so.

RISK MANAGEMENT

8. Mpumalanga Regional Training Trust did not account for risk management disclosure in accordance with GRAP 104: Financial Instruments. This was due to multiple errors in the amounts disclosed for trade payables in the liquidity risk assessment in both the consolidated and separate financial statements. I have not included the omitted information in this auditor's report, as it was impracticable to do so.

SEGMENT INFORMATION

9. The consolidated and separate financial statements of Mpumalanga Regional Training Trust were misstated as the segment information disclosure in note 32 to the financial statements was not disclosed in accordance with the requirements of GRAP 18: Segment information. This was due to errors in the segment information disclosure note, including omitted corresponding figures and inconsistencies with the financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so

CONTEXT FOR OPINION

10. 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.
11. I am independent of the group and 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.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS – RECEIVABLES

14. As disclosed in note 3 to the consolidated and separate financial statements, a material expected credit loss of R22,3 million (2024-25: R17,6 million) were incurred as a result of the provision for impairment of the receivables from exchange transactions.

MATERIAL IMPAIRMENTS – INVESTMENT IN OTHER ENTITIES

15. As disclosed in note 13 to the consolidated and separate financial statements, a material impairment of R11, 2 million (2024-25: R11,2 million) were incurred as a result of the provision for impairment of the intercompany loan.

SUBSEQUENT EVENTS

16. As disclosed in note 29 to the consolidated and separate financial statements, the entity concluded negotiations in respect of a legal claim instituted by a service provider relating to a matter that existed prior to 31 March 2026. The settlement reached after the reporting date provided additional evidence of the obligation that existed at the reporting date amounting to R2,0 million. The matter was treated as an adjusting subsequent event.
17. As disclosed in note 29 to the consolidated and separate financial statements, the entity's subsidiary Mpumalanga Innovation and Skills Hub (MISH) was finally deregistered with the Companies and Intellectual Property Commission on 26 May 2026. The detail of the transaction is further described in the disclosure note. The matter was treated as a non- adjusting subsequent event.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

18. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
19. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group and 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 group and 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

20. 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.
21. 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 xx, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

22. 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 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.
23. I selected the following material performance indicators related to technical training operations, hospitality and tourism academy and MISH presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the 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 on South African Qualification Authority (Saqa)-accredited national certificate.
    - POI 102: Number of learners trained on Saqa accredited skills programmes.
    - POI 103: Number of learners to receive customised training.
    - POI 104: Number of candidates assessed and trade tested for the culinary qualification.
    - POI 105: Number of learners receiving coaching and mentoring on Saqa-accredited national certificate.
    - POI 106: Number of learners receiving coaching and mentoring Saqa-accredited skills programmes.
    - POI 201: Number of learners trained on Saqa skills programme.
    - POI 202: Number of learners trained in the full qualification.
    - POI 203: Number of learners trained towards artisan development.
    - POI 204: Number of candidates assessed on recognition of prior learning and trade tested.
    - POI 205: Number of learners receiving coaching and mentoring in the workplace.
    - POI 206: Number of projects secured.
    - POI 401: % Adherence to implementation of the MISH Project Plan.
24. 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 entity's planning and delivery on its mandate and objectives.

25. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - 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 is presented in the annual performance report in the prescribed manner.

26. There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
27. The material findings on the reported performance information for the selected material indicators are as follows:

POI 104: NUMBER OF CANDIDATES ASSESSED AND TRADE TESTED FOR THE CULINARY QUALIFICATION.

28. A target of zero was set for this indicator. The reason provided by the accounting authority for this was that the indicator is a new indicator and the entity needed to obtain the license before commencing with assessing candidates on trade tests for culinary qualification. However, evidence was not provided to support this. Consequently, the target is not useful for measuring and monitoring progress against the public entity's planned objectives.

POI 401: % ADHERENCE TO IMPLEMENTATION OF MISH PROJECT PLAN

29. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator, and its target relates to complying with the project plan to institutionalise the MISH and get operational. However, the project plan relied on to measure and report on the achievement was not comprehensive and did not include activities relating to operationalisation of MISH. Consequently, the entity would have found it difficult to determine the correct achievement to be reported against the planned target

OTHER MATTERS

30. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

31. 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.
32. 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 23 to 33.

HOSPITALITY AND TOURISM ACADEMY

Targets achieved: 50% Budget spent: 85%		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
POI-102 Number of learners trained on Saqa-accredited skills programmes	30 learners	25 learners
POI-103 Number of learners to receive customised training	140 learners	108 learners
POI-106 Number of learners receiving coaching and mentoring on Saqa-accredited qualifications	30 learners	25 learners

TECHNICAL TRAINING OPERATIONS

Targets achieved: 83% Budget spent: 98%		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
POI-205 Number of learners receiving coaching and mentoring in the workplace	100 learners	35 learners

MATERIAL MISSTATEMENTS

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

REPORT ON COMPLIANCE WITH LEGISLATION

34. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
35. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
36. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
37. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

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

EXPENDITURE MANAGEMENT

40. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The value as disclosed in note 31, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management (SCM) provisions.
41. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 30 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 delayed payments of invoices.

REVENUE MANAGEMENT

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

CONSEQUENCE MANAGEMENT

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

PROCUREMENT AND CONTRACT MANAGEMENT

45. 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 71 of 2008. 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 and my reports on the audit of the annual performance report and 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 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, if I conclude that there is a material misstatement 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 re-issue an amended report as appropriate. However, if it is corrected 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, 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 internal controls to ensure the preparation of accurate, complete, and reliable financial and performance reports. Consequently, numerous misstatements in the financial statements and misstatements in the annual performance report were identified during the audit, resulting in a qualified audit opinion, material non-compliance with the PFMA, and a material finding on reported performance information.
53. Management did not adequately monitor the daily and monthly processing of transactions to ensure the accuracy, completeness, and validity of financial information. Consequently, misstatements were not prevented or detected and corrected timeously, resulting in errors in the financial records and financial reporting.
54. Management also did not adequately review and monitor compliance with applicable legislation. As a result, material non-compliance was not prevented, or detected and corrected timeously, resulting in the incurrence of irregular expenditure.
55. The accounting authority did not exercise sufficient oversight over the review and updating of operating policies to ensure that they were aligned with the entity's practices and implemented controls.
56. The accounting authority did not adequately exercise its oversight responsibility over financial and performance reporting, compliance with applicable legislation, and the effectiveness of related internal controls. This included not ensuring that the entity maintained a functional internal audit unit throughout the financial year. As a result, quarterly internal audit reviews were not performed as required, and control deficiencies, non-compliance and material misstatements in the annual financial statements were not identified and corrected timeously.
57. The accounting authority did not ensure that adequate action plans were developed, implemented, and effectively monitored to address identified internal control deficiencies. As a result, weaknesses in the control environment were not addressed timeously, resulting in material misstatements in the financial statements and annual performance report, as well as material non-compliance with applicable legislation.

MATERIAL IRREGULARITIES

58. 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

59. The accounting authority did not ensure that the 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.
60. The 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 entity. The overpayments are likely to result in a material financial loss for the entity if the money is not recovered.
61. 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:
62. 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 the entity.
63. In November 2024, the Special Investigating Unit (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 the official, and disciplinary proceedings were initiated in April 2025. However, the employee resigned in September 2025, resulting in the disciplinary hearing being discontinued. As at the date of this report, the SIU's investigation into the second official is still in progress. The accounting authority intends to act based on the investigation's outcome.
64. 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.

65. In June 2025, a service provider was appointed to quantify the financial loss suffered. The investigation was completed and the report issued by the service provider. The reports recommended further disciplinary action against one of the employees and process has been initiated. The accounting authority further developed and implemented an action plan to address the recommendations form the investigation report
66. The accounting authority updated the entity's SCM policy to confirm alignment with the applicable prescripts and also ensuring that the process of evaluation of awards is updated.
67. I concluded that appropriate actions have been taken to resolve the material irregularity.
68. We will continue to monitor the actions/steps implemented to address the material irregularity as well as those currently in progress or not yet completed, during the subsequent audits.

Auditor-General

Mbombela

25 August 2026

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 entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

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

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Skills Development
Members	PP Maoko - Chairperson of the Board of Directors LM Motshwane TR Mokgoshi B Nxumalo (Formerly B Sibanyoni) MI Tibane HH Nkanyane LH Moyane - Head Official: Provincial Department of Education - *ex-officio* D Dlamini (Independent Audit Committee Chairperson) (Invited to Board meetings as and when required) N Madiba (Independent Risk Management Committee Chairperson) * (Invited to Board meeting as and when required) CD Maebela - Acting Chief Executive Officer - *ex-officio*
Registered office	No. 05 Schonland Drive Ferrobank Emalahleni Witbank 1035
Bankers	Standard Bank
Auditor	Auditor-General South Africa (AGSA)
Secretary	NK Mametja
Companyregistration number	1993/006132/08

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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 consolidated and separate annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the consolidated and separate 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 consolidated and separate annual financial statements and is given unrestricted access to all financial records and related data.

The consolidated and separate 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 consolidated and separate 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 economic 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic 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 consolidated and separate 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 economic entity's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditor is responsible for independently reviewing and reporting on the economic entity's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the economic entity's external auditor and their report is presented on page 169.

The consolidated and separate annual financial statements set out on pages 179 to 237, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2026 and were signed on its behalf by:

PP Maoko
Chairperson of the Board of Directors
31 May 2026

CD Maebela
Acting Chief Executive Officer - *ex-officio*
31 May 2026

REPORT OF THE BOARD

The Accounting Authority hereby submits its report for the financial year ended 31 March 2026 for the Mpumalanga Regional Training Trust ("MRTT-GROUP").

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

MRTT is a public entity established to provide in skills development and vocational training programmes within the Mpumalanga Province. The entity operates primarily from Emalahleni and Nelspruit and offers accredited and customised training programmes ranging from NQF level 2 to NQF level 5 in technical and hospitality related fields.

Net deficit of the economic entity was R 1,415,943 for the year ended 31 March 2026 compared to (2025: deficit R 11,392,575) in the prior year reflecting a significant improvement in the financial performance of the entity.

2. GOING CONCERN

Management has performed a comprehensive Going Concern Assessment in accordance with GRAP 1 and considered all relevant quantitative and qualitative information available up to the date of approval of the AFS. The assessment concludes that, although current liabilities exceed current assets, this indicator on its own does not constitute a material uncertainty that casts significant doubt on the entity's ability to continue as a going concern.

The Going Concern Assessment considered, amongst others:

- The approved Medium-Term Expenditure Framework (MTEF) funding allocation from the Provincial Treasury and Executive Authority (see attached allocation letter);
- The entity's ability to continue meeting its obligations as they fall due;
- The fact that, as at 31 March 2026, the entity had settled all supplier invoices due, with the exception of the Auditor-General South Africa invoices, which were subject to an agreed payment arrangement. This demonstrates that the entity remained capable of meeting its financial obligations and managing its cash flows effectively.

Historical financial support received from the provincial Treasury and Mpumalanga Department of Educationt.

- Approved cash flow forecasts;
- Budgeted operational activities for the 2026/2027 financial year;
- The absence of any intention or requirement to liquidate or cease operations; and
- Management's plans to address the working capital deficit such as generating own revenue through different revenue streams.

Based on the above, management concluded that the going concern basis of accounting remains appropriate and that no material uncertainty exists that requires additional disclosure in terms of paragraph 27 of GRAP 1.

3. MEMBERS' INTEREST IN CONTRACTS

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

4. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

NAME

PP Maoko - Chairperson of the Board of Directors

LM Motshwane

TR Mokgoshi

B Nxumalo (Formerly B Sibanyoni)

MI Tibane

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)

CD Maebela - Acting Chief Executive Officer - *ex-officio*

6. SECRETARY

The secretary of the entity is NK Mametja is:

Business address	No. 5 Schonland Drive Ferrobank Emalahleni Witbank 1035
Postal address	Private Bag X7288 Emalahleni 1035

7. CORPORATE GOVERNANCE

GENERAL

The Accounting Authority remains committed to maintaining high standards of corporate governance and transparency in line with principles of the King Code on Corporate Governance and the Public Finance Management Act (PFMA).

ACCOUNTING AUTHORITY

The Accounting Authority continued to exercise oversight over strategic direction, risk management, internal controls and compliance throughout the financial year. The entity also maintained the functions of the Audit Committee and Risk Management Committee to support governance and oversight responsibilities.

The Accounting Authority recognises the importance of effective risk management and internal controls in safeguarding the assets and resources of the entity. Internal control systems were continuously monitored during the year to improve financial management, operational efficiency and compliance with applicable legislation. Management continued to implement corrective measures aimed at strengthening governance processes, improving financial controls and enhancing compliance with supply chain management prescripts.

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.

8. INVESTMENT IN OTHER ENTITIES

The MRTT Royal Hotel Pilgrims Rest (Pty) Ltd, entity, is currently undergoing a formal liquidation process; its remaining financial transactions are considered immaterial to the group's overall position.

9. INTEREST IN INVESTMENT IN OTHER ENTITIES

NAME OF CONTROLLED ENTITY

MPUMALANGA INNOVATION AND SKILLS HUB

The Board of Directors of Mpumalanga Innovation and Skills Hub (Registration Number: 2020/454435/08) formally approved the deregistration of the entity. The final deregistration of the entity was effected on 26 May 2026 by the Companies and Intellectual Property Commission (CIPC) upon completion of the statutory deregistration process, in accordance with all applicable regulatory requirements and in terms of Section 82(3) of the Companies Act, 2008.

10. NON-COMPLIANCE WITH APPLICABLE LEGISLATION

The entity incurred Irregular expenditure amounting to R4 969 602 in the current financial year compared to R16 331 561 in the prior financial year. The Accounting Authority continues to implement measures aimed at strengthening supply chain management and ensuring compliance with applicable legislation and procurement prescripts.

Further details on the Irregular expenditure are in note 31 of the Annual Financial Statements.

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARYIN 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 March 2026

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

		GROUP		COMPANY	
FIGURES IN RAND	Note(s)	2026	2025 Restated*	2026	2025 Restated*
ASSETS					
CURRENT ASSETS					
Inventories	2	258,835	187,075	258,835	187,075
Receivables from exchange transactions	3	1,788,275	6,049,490	1,788,275	6,049,490
Receivables from non-exchange transactions	4	-	1,000,563	-	1,000,561
Cash and cash equivalents	5	9,335,177	5,826,958	9,335,177	5,826,958
		11,382,287	**13,064,086**	**11,382,287**	**13,064,084**
NON-CURRENT ASSETS					
Property, plant and equipment	6	108,038,363	113,787,657	98,825,960	104,491,050
Investments in controlled entities	7	100	100	100	100
		108,038,463	**113,787,757**	**98,826,060**	**104,491,150**
Total Assets		**119,420,750**	**126,851,843**	**110,208,347**	**117,555,234**
LIABILITIES					
CURRENT LIABILITIES					
Payables from exchange transactions	8	7,042,900	9,548,011	7,549,368	9,548,011
Payables from non-exchange transactions	9	-	-	26,999,032	27,605,955
Provisions	11	6,106,301	5,342,550	6,106,301	5,342,550
		13,149,201	**14,890,561**	**40,654,701**	**42,496,516**
NON-CURRENT LIABILITIES					
Provisions	11	843,044	566,052	843,044	566,052
Total Liabilities		**13,992,245**	**15,456,613**	**41,497,745**	**43,062,568**
Net Assets		**105,428,505**	**111,395,230**	**68,710,602**	**74,492,666**
RESERVES					
Revaluation reserve	12	91,313,818	98,294,990	91,313,818	98,294,990
Accumulated surplus/(deficit)		14,114,687	13,100,240	(22,603,216)	(23,802,324)
Total Net Assets		**105,428,505**	**111,395,230**	**68,710,602**	**74,492,666**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND	Note(s)	GROUP 2026	GROUP 2025 Restated*	COMPANY 2026	COMPANY 2025 Restated*
REVENUE					
REVENUE FROM EXCHANGE TRANSACTIONS					
Rendering of services	14	13,517,939	20,279,205	13,517,939	20,279,205
Interest received	14	986,889	474,673	986,889	474,673
Bad debts recovered	14	2,902	6,968	2,902	6,968
Total revenue from exchange transactions	14	**14,507,730**	**20,760,846**	**14,507,730**	**20,760,846**
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
TRANSFER REVENUE					
Revenue from non exchange transactions	15	103,864,515	88,455,366	103,864,515	82,962,186
Total revenue		**118,372,245**	**109,216,212**	**118,372,245**	**103,723,032**
EXPENDITURE					
Employee related costs	16	(60,476,683)	(59,799,585)	(60,476,683)	(59,799,585)
Depreciation and amortisation	6	(8,028,920)	(5,074,404)	(7,958,952)	(5,004,076)
Administrative	17	(11,050,151)	(11,397,438)	(11,050,151)	(11,397,438)
Impairment loss	18	473,745	(2,305,228)	(32,723)	(2,305,228)
Loss on disposal of asset / Impairment loss		(14,236)	-	-	-
Operating expenses	19	(40,691,943)	(42,032,132)	(40,085,019)	(40,862,791)
Total expenditure		**(119,788,188)**	**(120,608,787)**	**(119,603,528)**	**(119,369,118)**
Deficit for the year		**(1,415,943)**	**(11,392,575)**	**(1,231,283)**	**(15,646,086)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND

GROUP

	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2024	**106,687,944**	**17,025,609**	**123,713,553**
Changes in net assets			
Surplus for the year	-	(11,392,575)	(11,392,575)
Realisation of revaluation surplus	(4,047,555)	4,047,555	-
Prior year adjustment	(4,345,399)	3,419,651	(925,748)
Total changes	**(8,392,954)**	**(3,925,369)**	**(12,318,323)**
Restated* Balance at 01 April 2025	**98,294,990**	**13,100,240**	**111,395,230**
Changes in net assets			
First time adoption of GRAP 104 effective 1 April 2025	-	(4,544,826)	(4,544,826)
Net income (losses) recognised directly in net assets	-	(4,544,826)	(4,544,826)
Surplus for the year	-	(1,415,943)	(1,415,943)
Total recognised income and expenses for the year	-	(5,960,769)	(5,960,769)
Realisation of revaluation surplus	(6,981,172)	6,981,172	-
Total changes	**(6,981,172)**	**1,020,403**	**(5,960,769)**
Balance at 31 March 2026	**91,313,818**	**14,114,687**	**105,428,505**
Note(s)	12		

COMPANY

	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2024	106,687,944	(16,875,006)	89,812,938
Changes in net assets			
Deficit for the year	-	(15,646,086)	(15,646,086)
Realisation of revaluation surplus	(4,047,555)	4,047,555	-
Prior year adjustment	(4,345,399)	4,670,213	324,814
Total changes	**(8,392,954)**	**(6,928,318)**	**(15,321,272)**
Restated* Balance at 01 April 2025	**98,294,990**	**(23,802,324)**	**74,492,666**
Changes in net assets			
First time adoption of GRAP 104 effective 1 April 2025	-	4,544,826)	4,544,826)
Net income (losses) recognised directly in net assets	-	(4,544,826)	(4,544,826)
Deficit for the year	-	(1,231,283)	(1,231,283)
Total recognised income and expenses for the year	-	(5,776,109)	(5,776,109)
Realisation of revaluation surplus	(6,981,172)	6,981,172	-
Total changes	**(6,981,172)**	**1,205,063**	**(5,776,109)**
Balance at 31 March 2026	**91,313,818**	**(22,603,216)**	**68,710,602**
Note(s)	12		

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

		GROUP		COMPANY	
FIGURES IN RAND	Note(s)	2026	2025 Restated*	2026	2025 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS					
Rendering of services		13,493,061	19,384,355	13,493,061	19,384,355
Government Grants		103,322,000	81,145,670	103,322,000	81,145,670
Interest received		986,889	474,673	986,889	474,673
		117,801,950	**101,004,698**	**117,801,950**	**101,004,698**
PAYMENTS					
Suppliers and Employee costs		(111,576,354)	(102,929,430)	(111,576,354)	(102,929,430)
Net cash flows from operating activities	**22**	**6,225,596**	**(1,924,732)**	**6,225,596**	**(1,924,732)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	6	(2,717,377)	(581,783)	(2,717,377)	(581,783)
Net Increase / (decrease) in cash and cash equivalents		**3,508,219**	**(2,506,515)**	**3,508,219**	**(2,506,514)**
Cash and cash equivalents at the beginning of the year		5,826,958	8,333,473	5,826,958	8,333,473
Cash and cash equivalents at the end of the year	5	**9,335,177**	**5,826,958**	**9,335,177**	**5,826,959**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2026

BUDGET ON CASH BASIS

FIGURES IN RAND

GROUP

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	21,821,476	-	21,821,476	13,493,061	(8,328,415)	33.1
Interest received	-	-	-	986,889	986,889	33.2
	21,821,476	**-**	**21,821,476**	**14,479,950**	**(7,341,526)**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	92,500,000	10,600,000	103,100,000	103,322,000	222,000	33.3
Total revenue	**114,321,476**	**10,600,000**	**124,921,476**	**117,801,950**	**(7,119,526)**	
EXPENDITURE						
Employee related costs	(60,884,650)	(3,652,000)	(64,536,650)	(60,476,683)	4,059,967	33.4
Administration	(3,655,000)	(545,000)	(4,200,000)	(2,717,377)	1,482,623	33.5
Goods and services	(49,781,826)	(6,403,000)	(56,184,826)	(49,572,170)	6,612,656	33.6
Total expenditure	**(114,321,476)**	**(10,600,000)**	**(124,921,476)**	**(112,766,230)**	**12,155,246**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**5,035,720**	**5,035,720**	

COMPANY

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	21,821,476	-	21,821,476	13,493,061	(8,328,415)	33.1
Interest received	-	-	-	986,889	986,889	33.2
	21,821,476	**-**	**21,821,476**	**14,479,950**	**(7,341,526)**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	92,500,000	10,600,000	103,100,000	102,500,000	(600,000)	33.3
Total revenue	**114,321,476**	**10,600,000**	**124,921,476**	**116,979,950**	**(7,941,526)**	
EXPENDITURE						
Employee related costs	(60,884,650)	(3,652,000)	(64,536,650)	(60,476,683)	4,059,967	33.4
Capital expenditure	(3,655,000)	(545,000)	(4,200,000)	(2,717,377)	1,482,623	33.5
Goods and services	(49,781,826)	(6,403,000)	(56,184,826)	(49,683,364)	6,501,462	33.6
Total expenditure	**(114,321,476)**	**(10,600,000)**	**(124,921,476)**	**(112,877,424)**	**12,044,052**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**4,102,526**	**4,102,526**	

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate 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 consolidated and separate 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 consolidated and separate annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period,

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated and separate annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate 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 consolidated and separate annual financial statements. Significant judgements include:

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

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the expected credit loss (ECL) model. The entity applies the simplified approach, recognizing lifetime expected credit losses for all receivables.

Receivables are assessed collectively using an ageing analysis and historical/default experience adjusted for forward-looking information.

The economic 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/ EXPECTED CREDIT LOSSES

The entity applies a provision matrix based on ageing categories to measure lifetime expected credit losses.

Receivables older than 90 days are considered to have significant increased credit risk and are subject to higher impairment rates.

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 economic 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 11 - Provisions.

ALLOWANCE FOR CREDIT LOSSES

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 OF FINANCIAL ASSETS

IMPAIRMENT OF FINANCIAL ASSETS (EXPECTED CREDIT LOSS MODEL)

The entity applies the expected credit loss (ECL) model for financial assets. At each reporting date, the entity assesses whether there is objective evidence that the financial asset or group of financial assets are impaired. The loss allowance is measured at an amount equal to lifetime expected credit loss for receivables.

EXPECTED CREDIT LOSSES ARE ESTIMATED CONSIDERING:

- Historical default experience
- Current conditions
- Forward looking information.

CREDIT RISK EXPOSURE

The portfolio shows significant concentration risk in the 180+ day category.

Risk Category	Exposure (2025)
High Risk (>180 days)	53%
Moderate Risk (90–150 days)	40%
Low Risk (<60 days)	7%

The portfolio shows significant concentration risk in the 90+ day category.

Risk Category	Exposure (2026)
High Risk (>180 days)	46%
Moderate Risk (90–150 days)	48%
Low Risk (<60 days)	6%

This indicates elevated default exposure.

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 economic 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)
Buildings	Straight line	30
Machinery and equipment	Straight line	20
Office furniture	Straight line	20
Motor vehicles	Straight line	15
Office equipment	Straight line	30
Computer equipment	Straight line	15
Domestic equipment	Straight line	40

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 - 30 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 economic 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 economic entity assesses at each reporting date whether there is any indication that the economic 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 economic 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 economic 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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.7 INVESTMENTS IN OTHER ENTITIES

COMPANY CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

In the entity's separate consolidated and separate annual financial statements, investments in investments in other entities are carried at cost.

The entity applies the same accounting for each category of investment.

1.8 FINANCIAL INSTRUMENTS

The entity has adopted GRAP 104 for the first time in the current financial year. Financial instruments are recognised and measured in accordance with GRAP 104.

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

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

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

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

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

A financial asset is:

cash;

a residual interest of another entity; or

a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

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

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

INITIAL RECOGNITION

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

Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial instruments measured at fair value through surplus or deficit where transaction costs are recognised immediately in surplus or deficit.

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.

CLASSIFICATION OF FINANCIAL ASSETS

MRTT classifies financial assets into the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value
- Financial assets measured at cost

The classification depends on MRTT's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables, staff debtors and loans receivable.

Financial assets are measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal amount outstanding.

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities are classified as:

- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value

Financial liabilities measured at amortised cost include trade and other payables, accrued liabilities and lease liabilities.

SUBSEQUENT MEASUREMENT

Financial assets and financial liabilities measured at amortised cost.

EFFECTIVE INTEREST METHOD

MRTT does not charge or apply interest on its receivables, debtors or other financial instruments. Accordingly, no interest income or interest expense is recognised on these financial instruments.

IMPAIRMENT OF FINANCIAL ASSETS

MRTT recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. Expected credit losses are recognised on:

- Trade and other receivables
- Cash and cash equivalents
- Loans and other financial assets measured at amortised cost

At each reporting date, MRTT assesses whether there has been a significant increase in credit risk since initial recognition.

RECOGNITION OF EXPECTED CREDIT LOSSES

Expected credit losses represent the weighted average of credit losses with the respective risks of default occurring as the weights.

MRTT measures loss allowances at an amount equal to:

- 12 month expected credit losses, where credit risk has not increased significantly since initial recognition, or
- Lifetime expected credit losses, where there has been a significant increase in credit risk since initial recognition.

DETERMINING SIGNIFICANT INCREASE IN CREDIT RISK

In determining whether the credit risk on a financial asset has increased significantly since initial recognition, MRTT considers reasonable and supportable information that is available without undue cost or effort, including both quantitative and qualitative information and analysis based on MRTT's historical experience and forward looking information.

Indicators considered include:

- Significant financial difficulty of the debtor
- Breach of contract, including default or delinquency in payments
- Probability of insolvency or financial reorganisation• Adverse changes in economic and operating conditions
- Historical payment trends and ageing analysis

SIMPLIFIED APPROACH FOR RECEIVABLES

MRTT applies the simplified approach permitted by GRAP 104 for trade receivables and contract receivables. Under this approach, lifetime expected credit losses are recognised from initial recognition of the receivables.

MEASUREMENT OF EXPECTED CREDIT LOSSES

Expected credit losses are measured in a manner that reflects:

- An unbiased and probability weighted amount determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions

The impairment model incorporates forward looking information, including anticipated economic conditions and debtor specific factors affecting recoverability.

WRITE OFF OF FINANCIAL ASSETS

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- The debtor has been liquidated or sequestrated
- All legal and recovery processes have been exhausted
- The cost of recovery exceeds the expected benefit

Write offs are approved in accordance with MRTT's delegations of authority and applicable legislative requirements.

DERECOGNITION OF FINANCIAL ASSETS

MRTT derecognises a financial asset when:

- The contractual rights to the cash flows from the financial asset expire, or
- MRTT transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party

Where MRTT retains substantially all the risks and rewards of ownership of the financial asset, the financial asset continues to be recognised.

DERECOGNITION OF FINANCIAL LIABILITIES

MRTT derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

GAINS AND LOSSES

Gains and losses arising from a change in the fair value of financial instruments measured at fair value are recognised in surplus or deficit.

Impairment losses, reversals of impairment losses and gains or losses on derecognition of financial instruments measured at amortised cost are recognised in surplus or deficit.

OFFSETTING OF FINANCIAL INSTRUMENTS

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

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 economic 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 economic entity.

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

1.11 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which

the employees render the related service; and

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

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

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the economic 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

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

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

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

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

An exchange transaction is one in which the 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 economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic 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 economic 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 economic 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

Economic 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 economic 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 01/04/2025 to 31/03/2026.

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

The consolidated and separate annual financial statements are prepared on accrual basis, and the budget on cash basis. The comparison with the budgeted amounts for the reporting period is prepared on cash basis, have been included in the Statement of comparison of budget and actual amounts (cash basis).

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 economic entity, including those charged with the governance of the economic 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 economic entity.

The economic 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 economic 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 economic entity is exempt from the disclosures in accordance with the above, the economic 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 consolidated and separate annual financial statements.

1.21 EVENTS AFTER REPORTING DATE

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

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

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

The economic 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

1.22.1 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

1.22.2 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.

1.22.3 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. travel, accommodation, or cell phone allowances)
- Sitting fees, preparation fees, cellphone allowance and accommodation
- Non-cash benefits are recognised at fair value in the period in which they are granted.

1.22.4 MEASUREMENT

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.

1.22.5 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).

1.22.6 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.

1.22.7 GRAP 3 DISCLOSURE – FIRST TIME ADOPTION

CHANGE IN ACCOUNTING POLICY/NEW STANDARD ADOPTED

The entity adopted GRAP 104 – Financial Instruments in the current financial year. GRAP 104 replaces the previous accounting treatment of financial instruments that was applied by the entity prior to adoption. The standard was applied from 1 April 2025.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND	GROUP		COMPANY	
2. INVENTORIES	**2026**	**2025**	**2026**	**2025**
Consumables	258,835	187,075	258,835	187,075
Carrying value of inventories carried at fair value less costs to sell	258,835	187,075	258,835	187,075

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	24,057,308	23,649,629	24,057,308	23,649,629
Expected credit loss	(22,272,533)	(17,603,638)	(22,272,533)	(17,603,638)
Deposits	3,500	3,500	3,500	3,500
	1,788,275	**6,049,491**	**1,788,275**	**6,049,491**

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 expected credit loss was R (22,272,533) as of 31 March 2026 (31 March 2025: R 17,603,638).

CHANGES IN ACCOUNTING POLICY – INITIAL APPLICATION OF THE REVISED GRAP 104: FINANCIAL INSTRUMENTS

NATURE OF THE CHANGE IN ACCOUNTING POLICY

The Accounting Standards Board issued a revised GRAP 104: Financial Instruments, which introduces (among other changes) a revised impairment methodology based on an Expected Credit Loss (ECL) model for the measurement of impairment of financial assets, including receivables. In accordance with the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, the entity is required to disclose the nature and effect of the initial application of a new or revised standard of GRAP.

Management effected the initial application of the revised GRAP 104 with effect from 1 April 2025, being the beginning of the current reporting period.

The initial application of the revised GRAP 104 resulted in an adjustment to the opening balance of the impairment allowance (ECL) on debtors as at 1 April 2025. The effect of the change was as follows:

Increase in the debtors impairment (ECL) opening balance as at 1 April 2025 R4 544 826.

The increase in the impairment allowance was not recognised in the surplus or deficit for the current reporting period, but was raised directly against the opening balance of accumulated surplus/deficit as at 1 April 2025, being the beginning of the current reporting period, as follows:

Accumulated surplus/deficit opening balance as at 1 April 2025 – decrease R(4 544 826).

CREDIT RISK EXPOSURE

The portfolio shows significant concentration risk in the 180+ day category.

FIGURES IN RAND	GROUP		COMPANY	
2. INVENTORIES	**2026**	**2025**	**2026**	**2025**

RISK CATEGORY

The ageing of the receivables is disclosed in note 27:

- High Risk (>180 days)
- Moderate Risk (90–150 days)
- Low Risk (<60 days)

The portfolio shows significant concentration risk in the 90+ day category.

RISK CATEGORY

- High Risk (>180 days)
- Moderate Risk (90–150 days)
- Low Risk (<60 days)

This indicates elevated default exposure.

The ageing of the receivables is disclosed in note 27:

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	17,603,638	15,474,980	17,603,638	15,474,980
Provision for impairment	4,668,895	2,128,658	4,668,895	2,128,658
	22,272,533	**17,603,638**	**22,272,533**	**17,603,638**

FIGURES IN RAND

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
Government grants and subsidies	955,110	1,177,130	955,110	1,177,130
Impairment of debt	(955,110)	(176,569)	(955,110)	(176,569)
	-	1,000,561	-	1,000,561

5. CASH AND CASH EQUIVALENTS

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
Cash and cash equivalents consist of:				
Cash on hand	14,781	13,658	14,781	13,658
Bank balances	4,012,542	3,812,252	4,012,542	3,812,252
Short-term deposits	5,307,854	2,001,048	5,307,854	2,001,048
	9,335,177	**5,826,958**	**9,335,177**	**5,826,958**

As at 31 March 2026, the Mpumalanga Regional Training Trust (MRTT) held R9.34 million in cash and cash equivalents, while owing R26.9 million to its subsidiary, the Mpumalanga Innovation and Skills Hub (MISH). This results in a cash funding shortfall of R17.6 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 8.

6. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
GROUP	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciationand accumulated impairment	Carrying value
Land	15,945,000	-	15,945,000	15,945,000	-	15,945,000
Buildings	92,362,000	(12,314,933)	80,047,067	92,362,000	(6,157,466)	86,204,534
Machinery and equipment	6,067,448	(2,386,989)	3,680,459	5,895,128	(1,711,175)	4,183,953
Furniture and fixtures	5,232,896	(2,861,270)	2,371,626	5,237,774	(2,460,733)	2,777,041
Motor vehicles	4,119,747	(2,068,460)	2,051,287	2,845,443	(1,751,242)	1,094,201
Office equipment	778,974	(311,059)	467,915	711,022	(253,920)	457,102
IT equipment	3,413,937	(1,199,336)	2,214,601	2,935,303	(976,163)	1,959,140
Domestic equipment	1,882,122	(621,714)	1,260,408	1,675,245	(508,559)	1,166,686
Total	**129,802,124**	**(21,763,761)**	**108,038,363**	**127,606,915**	**(13,819,258)**	**113,787,657**

COMPANY						
Land and Buildings	100,207,000	(12,314,933)	87,892,067	100,207,000	(6,157,466)	94,049,534
Machinery and Equipment	5,934,448	(2,368,828)	3,565,620	5,762,128	(1,698,329)	4,063,799
Office Furniture	4,597,351	(2,774,501)	1,822,850	4,602,229	(2,399,362)	2,202,867
Motor vehicles	4,119,747	(2,068,460)	2,051,287	2,845,443	(1,751,242)	1,094,201
Office equipment	778,974	(311,059)	467,915	711,022	(253,920)	457,102
Computer equipment	2,841,828	(1,069,162)	1,772,666	2,345,231	(881,200)	1,464,031
Domestic equipment	1,874,186	(620,631)	1,253,555	1,667,309	(507,793)	1,159,516
Total	**120,353,534**	**(21,527,574)**	**98,825,960**	**118,140,362**	**(13,649,312)**	**104,491,050**

FIGURES IN RAND

6. PROPERTY, PLANT AND EQUIPMENT

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2026

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	15,945,000	-	-	-	-	15,945,000
Buildings	86,204,534	-	-	(6,157,467)	-	80,047,067
Plant and machinery	4,183,953	271,665	(69,998)	(660,793)	(44,368)	3,680,459
Furniture and fixtures	2,777,041	-	(4,127)	(392,122)	(9,166)	2,371,626
Motor vehicles	1,094,201	1,274,304	-	(317,218)	-	2,051,287
Office equipment	457,102	73,199	(3,243)	(59,143)	-	467,915
IT equipment	1,959,140	891,332	(275,159)	(333,044)	(27,668)	2,214,601
Domestic equipment	1,166,686	206,877	-	(109,134)	(4,021)	1,260,408
Total	**113,787,657**	**2,717,377**	**(352,527)**	**(8,028,921)**	**(85,223)**	**108,038,363**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2025

	Opening balance	Additions as per prior year AFS	Gains – assets found	Prior year error adjustment	Depreciation	Total
Land	15,945,000	-	-	-	-	15,945,000
Buildings	92,362,000	-	-	(3,078,733)	(3,078,733)	86,204,534
Plant and machinery	3,905,792	53,988	594,189	246,093	(616,109)	4,183,953
Furniture and fixtures	2,743,957	-	305,669	255,196	(527,781)	2,777,041
Motor vehicles	1,474,208	-	-	-	(380,007)	1,094,201
Office equipment	472,211	-	25,338	12,753	(53,200)	457,102
IT equipment	1,807,674	390,182	35,061	56,491	(330,268)	1,959,140
Domestic equipment	1,089,555	137,613	13,629	14,195	(88,306)	1,166,686
	119,800,397	**581,783**	**973,886**	**(2,494,005)**	**(5,074,404)**	**113,787,657**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2026

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	7,845,000	-	-	-	-	7,845,000
Buildings	86,204,534	-	-	(6,157,467)	-	80,047,067
Machinery and Equipment	4,063,800	271,665	(73,412)	(652,064)	(44,368)	3,565,621
Office Furniture	2,202,867	-	(4,130)	(366,721)	(9,166)	1,822,850
Motor vehicles	1,094,201	1,274,304	-	(317,219)	-	2,051,286
Office equipment	457,102	73,199	(3,363)	(59,023)	-	467,915
Computer equipment	1,464,030	891,332	(233,400)	(321,628)	(27,668)	1,772,666
Domestic equipment	1,159,516	206,877	-	(108,817)	(4,021)	1,253,555
Total	104,491,050	2,717,377	(314,305)	(7,982,939)	(85,223)	98,825,960

FIGURES IN RAND

6. PROPERTY, PLANT AND EQUIPMENT (CONT.)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2025

	Opening balance	Additions as per prior year AFS	Gains – assets found	Prior year error adjustment	Depreciation	Total
Land	7,845,000	-	-	-	-	7,845,000
Land and Buildings	92,362,000	-	-	(3,078,733)	(3,078,733)	86,204,534
Machinery and Equipment	3,780,323	53,988	594,189	246,093	(610,793)	4,063,800
Office furniture	2,144,386	-	305,669	255,196	(502,384)	2,202,867
Motor vehicles	1,474,208	-	-	-	(380,007)	1,094,201
Office equipment	471,895	-	25,338	12,753	(52,884)	457,102
Computer equipment	1,273,265	390,182	35,061	56,491	(290,969)	1,464,030
Domestic equipment	1,082,385	137,613	13,629	14,195	(88,306)	1,159,516
	110,433,462	**581,783**	**973,886**	**(2,494,005)**	**(5,004,076)**	**104,491,050**

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 is not connected to the entity.

Land and buildings are valued independently every 5 years.

DISPOSALS

During December 2025, the entity experienced a burglary which resulted in the theft of certain items of property, plant and equipment. Following a verification process, the affected assets were recognised as disposals in the current financial year. The carrying amounts of these assets have been derecognized.

DETAILS OF PROPERTIES

	GROUP		COMPANY	
HOSPITALITY AND TOURISM ACADEMY - KANYAMAZANE	2026	2025	2026	2025
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				
Building	46,641,815	50,887,267	46,641,815	50,887,267
Land	2,795,000	2,795,000	2,795,000	2,795,000
	49,436,815	**53,682,267**	**49,436,815**	**53,682,267**

KABOKWENI TRAINING CENTRE - KABOKWENI				
The property includes an office block, 2 workshops and ablution block. The site area is 5,328 square metres				
Building	8,594,385	9,376,667	8,594,385	9,376,667
Land	430,000	430,000	430,000	430,000
	9,024,385	**9,806,667**	**9,024,385**	**9,806,667**

FIGURES IN RAND	GROUP		COMPANY	
6. PROPERTY, PLANT AND EQUIPMENT (CONT.)	**2026**	**2025**	**2026**	**2025**

TECHNICAL TRAINING CENTRE - EMALAHLENI

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

Building	24,826,254	27,086,000	24,826,254	27,086,000
Land	1,660,000	1,660,000	1,660,000	1,660,000
	26,486,254	**28,746,000**	**26,486,254**	**28,746,000**

MRTT HOUSE

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

Building	1,793,098	1,933,333	1,793,098	1,933,333
Land	390,000	390,000	390,000	390,000
	2,183,098	**2,323,333**	**2,183,098**	**2,323,333**

CORRIDOR HILL - EMALAHLENI

Land	2,570,000	2,570,000	2,570,000	2,570,000

HOLDING 21 DIXON AGRICULTURAL HOLDINGS, REGISTRATION DIVISION JS PROVINCE OF MPUMALANGA MEASURING 7,7959 HECTARES

Land	8,100,000	8,100,000	-	-

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

Repair and maintenance	439,037	315,684	439,037	315,684

7. INVESTMENTS IN OTHER ENTITIES

NAME OF COMPANY	% holding 31 March 2026	% holding 31 March 2025	Carrying amount 31 March 2026	Carrying amount 31 March 2025
Royal Hotel	100.00 %	100.00 %	100	100

MRTT hold 100% shares in 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.

MRTT previously operated the Royal Hotel business from premises that were leased from the Department of Public Works. MRTT did not own the hotel premises. The hotel operations were conducted from the premises under the lease arrangement with the Department of Public Works.

The hotel ceased its operations during 2023, and since the cessation of operations, MRTT has not conducted any business or operational activities at the Royal Hotel. The Department of Public Works took back the hotel premises, and MRTT no longer has access to or use of the premises for purpose of operating the hotel business.

FIGURES IN RAND	GROUP		COMPANY	
7. INVESTMENTS IN OTHER ENTITIES (CONT.)	**2026**	**2025**	**2026**	**2025**

Since the cessation of the Royal Hotel operations in 2023, management confirms to the best of its knowledge that: No revenue has been generated from the Royal Hotel operations since 2023.

No operational expenditure has been incurred in relation to the Royal Hotel since the cessation of operations. The Royal Hotel does not have any assets under the custody or control of MRTT.

MRTT does not hold or control any hotel premises or other physical assets relating to the Royal Hotel, as the premises were leased from the Department of public works and were subsequently taken back by the department.

No trading or business activities have been conducted by the Hotel since cessation of operations in 2023.

The Royal Hotel has therefore remained inactive and non-operational since the cessation of its hotel activities.

Based on the above circumstances, management made an assessment of the practical and financial reporting position of Royal Hotel and concluded that the preparation of a full set of AFS for the periods following the cessation of operations would not provide meaningful financial information, given that the entity had ceased operations, no revenue was being generated, no operational expenditure was being incurred, and no operational assets were held or controlled by MRTT. There were no material financial transactions, assets or operational activities requiring reporting for the periods under review.

8. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	3,231,465	6,523,643	3,737,933	6,523,643
Accruals	1,095,300	449,561	1,095,300	449,561
Income received in advance	2,716,135	2,574,807	2,716,135	2,574,807
	7,042,900	**9,548,011**	**7,549,368**	**9,548,011**

9. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

MISH	-	-	26,999,032	27,605,955

The Trade payables amount disclosed above includes amounts that are owed to the subsidiary (MISH). The funds are held on behalf of MISH which is a subsidiary company of MRTT.

10. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED CONTRIBUTION PLAN

It is the policy of the economic 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 economic entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	6,650,845	5,655,246	6,650,845	5,655,246
The amount recognised as an expense for defined contribution plans is	6,650,845	5,655,246	6,650,845	5,655,246

FIGURES IN RAND

11. PROVISIONS

RECONCILIATION OF PROVISIONS - GROUP - 2026	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal claim	-	2,000,000	-	-	-	2,000,000
Leave days	3,815,049	1,560,367	(927,562)	-	-	4,447,854
Bonus	1,527,501	-	-	(1,527,501)	-	-
Long service award	566,052	-	(170,000)	-	105,439	501,491
	5,908,602	**3,560,367**	**(1,097,562)**	**(1,527,501)**	**105,439**	**6,949,345**

RECONCILIATION OF PROVISIONS - GROUP - 2025	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave days	3,619,140	665,595	(469,686)	-	3,815,049
Bonus	1,707,940	-	-	(180,439)	1,527,501
Bonus	-	566,052	-	-	566,052
	5,327,080	**1,231,647**	**(469,686)**	**(180,439)**	**5,908,602**

RECONCILIATION OF PROVISIONS - COMPANY - 2026	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal claim	-	2,000,000	-	-	-	2,000,000
Leave days	3,815,049	1,560,367	(927,562)	-	-	4,447,854
Bonus	1,527,501	-	-	(1,527,501)	-	-
Long service award	566,052	-	(170,000)	-	105,439	501,491
	5,908,602	**3,560,367**	**(1,097,562)**	**(1,527,501)**	**105,439**	**6,949,345**

RECONCILIATION OF PROVISIONS - COMPANY- 2025	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave days	3,619,140	665,595	(469,686)	-	3,815,049
Bonus	1,707,940	-	-	(180,439)	1,527,501
Long service award	-	566,052	-	-	566,052
	5,327,080	**1,231,647**	**(469,686)**	**(180,439)**	**5,908,602**

	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
Non-current liabilities	843,044	566,052	843,044	566,052
Current liabilities	6,106,301	5,342,550	6,106,301	5,342,550
	6,949,345	**5,908,602**	**6,949,345**	**5,908,602**

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, death, retires etc from the employment of MRTT and is only limited to 25 days.

FIGURES IN RAND

11. PROVISIONS (CONT.)

The provision for performance bonuses was derecognized during the 2025/2026 financial year as the criteria for recognition under GRAP 25 were no longer met. In terms of the MRTT Performance Management Policy, bonuses are non-guaranteed and remain subject to organizational affordability and priorities; as there was no formal management or board resolution to authorize payments for this period, no legal or constructive obligation existed at the reporting date.

Consequently, the carrying amount of the provision was reversed to the Statement of Financial Performance. This adjustment reflects the absence of a present obligation and ensures that the financial statements accurately represent the entity's liabilities, as no reliable estimate of an outflow can be justified without a formal discretionary decision.

12. 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.

	GROUP		COMPANY	
	2026	2025	2026	2025
Opening balance	98,294,990	106,687,944	98,294,990	106,687,944
Realisation of revaluation surplus	(6,981,172)	(8,392,954)	(6,981,172)	(8,392,954)
	91,313,818	**98,294,990**	**91,313,818**	**98,294,990**

FIGURES IN RAND

13. LOANS TO (FROM) ECONOMIC ENTITIES

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
INVESTMENT IN OTHER ENTITIES				
Royal Hotel	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. The Royal Hotel matter is at High Court for liquidation process.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)	(11,151,893)	(11,151,893)
	-	-	-	-

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

14. REVENUE FROM EXCHANGE TRANSACTION

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
Rendering of services	13,517,939	20,279,205	13,517,939	20,279,205
Interest received	986,889	474,673	986,889	474,673
Bad debts recovered	2,902	6,968	2,902	6,968
	14,507,730	**20,760,846**	**14,507,730**	**20,760,846**

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

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
Project income	9,616,593	12,660,865	9,616,593	12,660,865
Hotel income	1,155,998	4,054,107	1,155,998	4,054,107
Tuition fees	2,603,474	3,119,987	2,603,474	3,119,987
Other Income	1,131,663	925,887	1,131,663	925,887
	14,507,728	**20,760,846**	**14,507,728**	**20,760,846**

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.

FIGURES IN RAND

14. REVENUE FROM EXCHANGE TRANSACTION (CONT.)

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 FROM NON EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2026	2025	2026	2025
OPERATING GRANTS				
Service in Kind - Refer to Note 24 for details	764,515	1,461,386	764,515	1,461,386
Government grant	103,100,000	75,222,880	103,100,000	75,222,880
Comprehensive Rural Development Programme	-	2,354,220	-	2,354,220
National Youth Service	-	3,923,700	-	3,923,700
Government grants and subsidies	-	5,493,180	-	-
	103,864,515	**88,455,366**	**103,864,515**	**82,962,186**

16. EMPLOYEE RELATED COSTS

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
Basic salary	46,874,184	46,083,557	46,874,184	46,083,557
Car Allowance	1,507,347	1,840,017	1,507,347	1,840,017
Leave pay	1,560,366	665,595	1,560,366	665,595
Overtime	247,834	762,313	247,834	762,313
Acting Allowance and Added responsibility	1,587,558	1,302,299	1,587,558	1,302,299
Backpay	936,838	1,662,130	936,838	1,662,130
Phone, Housing and Shift Allowances	464,850	529,550	464,850	529,550
Pension fund	2,615,934	2,222,320	2,615,934	2,222,320
Provident fund	4,034,911	3,432,927	4,034,911	3,432,927
UIF - Company contribution	217,672	248,646	217,672	248,646
Skills Development Levy - Company contribution	493,750	484,179	493,750	484,179
Long service awards	(64,561)	566,052	(64,561)	566,052
	60,476,683	**59,799,585**	**60,476,683**	**59,799,585**

INCLUDED IN THE ABOVE AMOUNTS ARE THE FOLLOWING DEDUCTIONS

	GROUP 2026	GROUP 2025	COMPANY 2026	COMPANY 2025
PAYE	8,455,222	9,650,233	8,455,222	9,650,233
UIF (employee contribution)	336,879	248,647	336,879	248,647
Pension fund (employee contribution)	2,898,328	925,433	2,898,328	925,433
Provident fund (employee contribution)	4,174,353	1,450,877	4,174,353	1,450,877
Medical aid (employee contribution)	930,869	865,383	930,869	865,383
	16,795,651	**13,140,573**	**16,795,651**	**13,140,573**

FIGURES IN RAND	GROUP		COMPANY	
17. ADMINISTRATIVE EXPENDITURE	**2026**	**2025**	**2026**	**2025**
Rates and Taxes	1,900,850	2,002,794	1,900,850	2,002,794
Communication	765,680	831,401	765,680	831,401
Insurance	422,106	882,412	422,106	882,412
Motor fleet	1,280,097	1,295,460	1,280,097	1,295,460
Leases	311,763	745,070	311,763	745,070
Security	4,008,000	4,004,145	4,008,000	4,004,145
Rent	132,661	93,832	132,661	93,832
Printing and Stationery	394,645	525,305	394,645	525,305
Repairs and Maintenance	439,037	56,042	439,037	56,042
Other administrative	1,395,312	960,977	1,395,312	960,977
	11,050,151	**11,397,438**	**11,050,151**	**11,397,438**

18. IMPAIRMENT LOSS/ REVERSALS

Impairment loss/ Reversals	(473,745)	2,305,228	32,723	2,305,228

19. OPERATING EXPENSES

Auditors remuneration	7,318,502	10,285,355	6,852,750	9,289,360
Bank charges	264,861	279,592	264,861	279,592
Professional fees	5,077,284	3,164,068	4,936,112	2,990,722
Food and Beverage	749,939	1,058,954	749,939	1,058,954
Accommodation	420,434	562,414	420,434	562,414
Skills development training	607,029	52,786	607,029	52,786
Marketing	13,927	277,084	13,927	277,084
Pest control	21,845	7,937	21,845	7,937
Work placement	81,128	144,108	81,128	144,108
Printing and stationery	352,048	180,044	352,048	180,044
Learner Protective clothing	1,052,156	695,047	1,052,156	695,047
Training Material	2,510,337	1,299,473	2,510,337	1,299,473
Subsistence and Travel	2,412,924	2,096,927	2,412,924	2,096,927
Hotel Rates, water and electricity	1,306,573	1,438,846	1,306,573	1,438,846
Stipends	5,118,676	6,005,110	5,118,676	6,005,110
Staff Appointment and recruitment	279,718	1,188,761	279,718	1,188,761
Learner Toolboxes	208,117	4,037	208,117	4,037
Production - Construction	3,987,909	3,791,814	3,987,909	3,791,814
Training Centres and Hotel repairs and maintenance	508,439	457,580	508,439	457,580
Directors expenses	5,170,142	5,000,368	5,170,142	5,000,368
Hotel Security	1,034,143	1,085,199	1,034,143	1,085,199
Hotel operating expenses	1,455,251	1,848,387	1,455,251	1,848,387
Training centre operating expenses	49,614	26,496	49,614	26,496
Corporate services operating expenses	690,947	1,081,745	690,947	1,081,745
	40,691,943	**42,032,132**	**40,085,019**	**40,862,791**

FIGURES IN RAND	GROUP		COMPANY	
20. AUDITOR'S REMUNERATION	**2026**	**2025**	**2026**	**2025**
External audit fees	6,856,048	9,374,844	6,390,296	8,378,849
Internal audit fees	462,454	910,511	462,454	910,511
	7,318,502	**10,285,355**	**6,852,750**	**9,289,360**

21. TAXATION

MRTT GROUP 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 GENERATED FROM (USED IN) OPERATIONS

Deficit	(1,415,943)	(11,392,575)	(1,231,283)	(15,646,086)
Adjustments for:				
Depreciation and amortisation	8,052,907	5,074,404	7,982,939	5,004,076
Loss on disposal of assets	314,305	564,407	314,305	564,407
Adjustment for reversal of bonus provision	(1,527,501)	-	(1,527,501)	-
Profit / Loss on sale of asset	99,460	-	85,224	-
Impairment loss	(52,501)	2,305,228	(52,501)	2,305,228
Movements in provisions	1,040,743	581,522	1,040,743	581,522
Acturial expenses	105,439	-	105,439	-
Other non cash item	71,861	628,862	(28,595)	628,862
Revenue service in kind	(764,515)	(1,461,386)	(764,515)	(1,461,386)
Employee cost service in kind	764,515	1,461,386	764,515	1,461,386
Changes in working capital:				
Inventories	(71,760)	80,860	(71,760)	80,860
Receivables from exchange transactions	(407,679)	(2,315,863)	(407,679)	(2,315,863)
Receivables from non-exchange transactions	222,020	(355,130)	222,020	(355,130)
Negative debtors and positive creditors	(1,738,803)	-	(1,738,803)	-
Payables from exchange transactions	2,139,971	3,539,610	2,139,971	3,665,639
Payables from non-exchange transactions	(606,923)	3,561,753	(606,923)	3,561,753
MISH receivables from non-exchange transactions	-	(4,197,810)	-	-
	6,225,596	**(1,924,732)**	**6,225,596**	**(1,924,732)**

23. COMMITMENTS

APPROVED AND AUTHORISED COMMITMENTS

ALREADYCONTRACTED FOR BUT NOT PROVIDED FOR

• Commitments	9,215,262	15,817,111	9,215,262	15,817,111

TOTAL OPERATIONAL COMMITMENTS

Already contracted for but not provided for	9,215,262	15,817,111	9,215,262	15,817,111

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.

FIGURES IN RAND

23. COMMITMENTS (CONTINUED)

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
Internal Audit Services	3 years
Meat and Meat Products 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.

24. RELATED PARTIES

GROUP

RELATIONSHIPS

Members	Refer to members' report note
Ultimate controlling entity	Department of Education - Mpumalanga
Investment in other entities	MRTT Royal Hotel Pilgrims Rest (Pty) Ltd 7
Members of key management	Executive Management

RELATED PARTYBALANCES

RECEIVABLES WITH RELATED PARTIES - ROYAL HOTEL	2026	2025
Royal Hotel	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	2026	2025
Mpumalanga Department of Education	7,716,377	7,958,743
Impairment of the balance	(7,716,377)	(1,236,450)

RELATED PARTY TRANSACTIONS

	2026	2025
Mpumalanga Department of Education	5,769,422	5,689,820

FIGURES IN RAND

24. RELATED PARTIES (CONT.)

	2026	2025
PURCHASES FROM (SALES TO) RELATED PARTIES		
Mpumalanga Department of Education - MRTT Allocation	103,100,000	81,500,800
Mpumalanga Department of Education - MISH Allocation	-	5,493,180
PAYMENTS MADE BY DEPARTMENT - SERVICES IN KIND PAYMENTS		
Services in kind payments	(764,515)	(1,461,386)
SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION		
Services in kind	764,515	1,461,386

COMPANY

RELATIONSHIPS

Members	Refer to members' report note
Ultimate controlling entity	Department of Education - Mpumalanga
Investment in other entities	MRTT Royal Hotel Pilgrims Rest (Pty) Ltd 7
Members of key management	Executive Management

RELATED PARTYBALANCES

RECEIVABLES WITH RELATED PARTIES - ROYAL HOTEL	2026	2025
Royal Hotel	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	7,716,377	7,958,743
Impairment of the balance	(7,716,377)	(1,236,450)
PAYABLES WITH RELATED PARTIES		
Mpumalanga Innovation Skills Hub	26,951,476	28,242,010

RELATED PARTY TRANSACTIONS

Mpumalanga Department of Education	5,769,422	5,689,820
PURCHASES FROM (SALES TO) RELATED PARTIES		
Mpumalanga Department of Education - MRTT Allocation	103,100,000	81,500,800
Mpumalanga Department of Education - MISH Allocation	-	5,493,180
PAYMENTS MADE BY DEPARTMENT - SERVICES IN KIND PAYMENTS		
Services in kind payments	(764,515)	(1,461,386)
SERVICES IN KIND FROM THE DEPARTMENT OF EDUCATION		
Services in kind	764,515	1,461,386

FIGURES IN RAND

25. MEMBERS' AND PRESCRIBED OFFICER'S EMOLUMENTS

GROUP

EXECUTIVE: 2026	Sitting fees	Preparation fees	Subsistence and travel	Cellphone and data allowance	Total
PP Maoko - Chairperson of the Board of Directors	359,841	346,641	61,542	21,000	789,024
LM Motshwane	258,426	260,692	16,588	15,000	550,706
TR Mokgoshi	268,059	256,579	9,833	15,000	549,471
B Nxumalo (Formerly B Sibanyoni)	354,678	330,049	36,655	15,000	736,382
MI Tibane	534,094	517,477	71,114	15,000	1,137,685
HH Nkanyane	312,938	302,777	30,536	15,000	661,251
D Dlamini (Audit Committee Chairperson)	155,685	163,350	1,333	15,000	335,368
N Madiba (Risk Management Committee Chairperson) *	94,227	86,304	9,342	15,000	204,873
	2,337,948	**2,263,869**	**236,943**	**126,000**	**4,964,760**

EXECUTIVE: 2025					
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 Nxumalo (Formerly 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) *	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**

COMPANY

EXECUTIVE: 2026	Sitting fees	Preparation fees	Subsistence and travel	Cellphone and data allowance	Total
PP Maoko - Chairperson of the Board of Directors	359,841	346,641	61,542	21,000	789,024
LM Motshwane	258,426	260,692	16,588	15,000	550,706
TR Mokgoshi	268,059	256,579	9,833	15,000	549,471
B Nxumalo (Formerly B Sibanyoni)	354,678	330,049	36,655	15,000	736,382
MI Tibane	534,094	517,477	71,114	15,000	1,137,685
HH Nkanyane	312,938	302,777	30,536	15,000	661,251
D Dlamini (Audit Committee Chairperson)	155,685	163,350	1,333	15,000	335,368
N Madiba (Risk Management Committee Chairperson) *	94,227	86,304	9,342	15,000	204,873
	2,337,948	**2,263,869**	**236,943**	**126,000**	**4,964,760**

FIGURES IN RAND

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

COMPANY

EXECUTIVE: 2025

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 Nxumalo (Formerly 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) *	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**

* 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.

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.

FIGURES IN RAND

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

GROUP

EXECUTIVE MANAGEMENT: 2026	Basic salary	Short term benefits (including bonus, acting allowance)	Post employment benefits	Total
CD Maebela Acting Chief Executive Officer	1,459,857	372,155	185,639	2,017,651
B Maleka - Chief Financial Officer [1]	368,922	5,750	47,899	422,571
MG Jafta - Chief Financial Officer [2]	851,455	189,395	110,096	1,150,946
B Hlatshwayo - Acting Chief Financial Officer [3]	978,796	282,225	121,743	1,382,764
G Silaule - General Manager Technical Training Operations [4]	956,724	320,306	250,894	1,527,924
E Mkhabela - Acting General Manager Hospitality and Tourism Academy [5]	669,942	272,222	126,391	1,068,555
A Mnisi - Acting GM - Corporate Services [6]	890,714	317,279	121,367	1,329,360
B Maleka - GM Hospitality and Tourism Academy [1]	496,208	3,708	58,860	558,776
	6,672,618	**1,763,040**	**1,022,889**	**9,458,547**

EXECUTIVE MANAGEMENT: 2025				
CD Maebela Acting Chief Executive Officer	696,194	113,577	40,601	850,372
MG Jafta - Chief Financial Officer [2]	1,618,199	24,365	187,865	1,830,429
B Hlatshwayo - Acting Chief Financial Officer [3]	881,967	231,893	103,359	1,217,219
G Silaule - General Manager Technical Training Operations	1,092,611	24,963	127,538	1,245,112
E Mkhabela - Acting General Manager Hospitality and Tourism academy [4]	637,693	425,623	103,602	1,166,918
	4,926,664	**820,421**	**562,965**	**6,310,050**

COMPANY

EXECUTIVE MANAGEMENT: 2026	Basic salary	Short term benefits (including bonus, acting allowance)	Post employment benefits	Total
CD Maebela Acting Chief Executive Officer	1,459,857	372,155	185,639	2,017,651
B Maleka - Chief Financial Officer [1]	368,922	5,750	47,899	422,571
MG Jafta - Chief Financial Officer [2]	851,455	189,395	110,096	1,150,946
B Hlatshwayo - Acting Chief Financial Officer [3]	978,796	282,225	121,743	1,382,764
G Silaule - General Manager Technical Training Operations [4]	956,724	320,306	250,894	1,527,924
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A Mnisi - Acting GM - Corporate Services [6]	890,714	317,279	121,367	1,329,360
B Maleka - GM Hospitality and Tourism Academy [1]	496,208	3,708	58,860	558,776
	6,672,618	**1,763,040**	**1,022,889**	**9,458,547**

EXECUTIVE MANAGEMENT: 2025				
CD Maebela Acting Chief Executive Officer	696,194	113,577	40,601	850,372
MG Jafta - Chief Financial Officer [2]	1,618,199	24,365	187,865	1,830,429
B Hlatshwayo - Acting Chief Financial Officer [3]	881,967	231,893	103,359	1,217,219
G Silaule - General Manager Technical Training Operations	1,092,611	24,963	127,538	1,245,112
E Mkhabela - Acting General Manager Hospitality and Tourism academy [4]	637,693	425,623	103,602	1,166,918
	4,926,664	**820,421**	**562,965**	**6,310,050**

FIGURES IN RAND

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

[1] BH Maleka was appointed General Manager Hospitality and Tourism Academy from 1 September 2025 – 31 December 2025. BH Maleka was appointed Chief Financial Officer from 1 January 2026.
[2] MG Jafta, the substantive CFO, resigned on 30 September 2025.
[3] B Hlatshwayo was Acting CFO from 1 April 2025 – 31 December 2025.
[4] G Silaule GM Technical Training Operations – 1 April 2025 – 31 March 2026.
[5] E Mkhabela was appointed Acting General Manager Hospitality and Tourism Academy from 1 April 2025 – 31 August 2025.
[6] A Mnisi Acting GM Corporate Services – 1 October 2025 – 31 March 2026.

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 period ended 31 March 2026.

26. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments

Prior period errors are omissions from, and misstatements in, the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred or, where the error occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

Where it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and net assets/equity for the earliest period for which retrospective restatement is practicable.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period. Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is directly attributable to the acquisition or construction of the asset.

Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets to reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted where appropriate. Repairs and maintenance are recognised in surplus or deficit as incurred, while expenditure that enhances or extends the useful life of an asset is capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its continued use or disposal. Any gain or loss arising on derecognition is recognised in surplus or deficit in the period in which the asset is derecognised.

PAYABLES FROM EXCHANGE TRANSACTIONS

The prior year adjustment relating to payables from exchange transactions arose from the identification of amounts that were incorrectly recognised and recorded in the prior financial period. The error resulted from information that was available at the time the prior year financial statements were prepared but was not appropriately taken into account. As a result, the affected payables from exchange transactions have been corrected retrospectively by restating the comparative figures and the opening balances of the affected liabilities and accumulated surplus/(deficit) for the earliest period presented, in accordance with the applicable reporting framework.

FIGURES IN RAND

26. PRIOR-YEAR ADJUSTMENTS (CONT.)

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

During the current financial year, management reassessed the nature of the liabilities relating to MISH. It was determined that these liabilities arose from non-exchange transactions and had previously been incorrectly presented as trade payables from exchange transactions in the comparative financial statements.

Accordingly, the comparative information has been reclassified to present these balances as trade payables from nonexchange transactions. This reclassification improves the presentation of the financial statements and aligns the classification of liabilities with the substance of the underlying transactions and the applicable GRAP Standards.

The reclassification has no impact on the total liabilities, accumulated surplus/(deficit), net assets, or the surplus/(deficit) for the prior year.

PROVISIONS

PROVISIONS - LONG SERVICE AWARDS

During the current financial year, management identified that the obligation relating to long service awards had not been recognised in the prior financial year. The omission resulted from the entity not recognising the employee benefit obligation in accordance with the requirements of GRAP 25 Employee Benefits.

This omission constitutes a prior period error as defined in GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the comparative information has been restated to recognise the long service award liability as at 31 March 2025 and the related employee benefit expense.

The correction has been accounted for retrospectively by adjusting the opening accumulated surplus/(deficit) and the comparative figures presented in the financial statements, to the extent practicable.

PROVISIONS -CLASSIFICATION OF LEAVE

During the current financial year, management identified that the leave provision disclosed in the comparative financial statements had not been appropriately classified between current and non-current liabilities. The entire leave provision was previously presented under a single liability category without distinguishing the portion expected to be settled within twelve months after the reporting date from the portion expected to be settled after more than twelve months.

To comply with the presentation requirements of the applicable GRAP Standards, the comparative information has been restated to classify the leave provision between current and non-current liabilities.

RENDERING OF SERVICES

During the current financial year management identified an error relating to income received in advance for the previous year.

The correction affects only the presentation of the Statement of Financial Position and has no impact on the total leave provision, total liabilities, accumulated surplus/(deficit), net assets, or the surplus/(deficit) for the prior year.

MISH PERSONNEL EXPENDITURE

During the current financial year, the entity identified prior period error on personnel expenditure which was erronously included in the expenditure for MRTT. The error has been corrected retrospectively, and the comparative amounts for the prior period have been restated.

MISH CASH FLOWS

During the current financial year, management identified a presentation error in the prior period Cash Flow Statement. In previous year financial statements, opening and closing balances for cash and cash equivalents were presented despite the entity not maintaining a bank account and not holding cash or cash equivalents.

FIGURES IN RAND

26. PRIOR-YEAR ADJUSTMENTS (CONT.)

Following a reassessment of the underlying accounting records, management concluded that Cash Flow Statement should not present cash and cash equivalent balances where no such balances exist. The comparative presentation has therefore been amended to remove the opening and closing cash and cash equivalent balances and to present the movements in operating activities in a manner consistent with the economic substance of the entity's transactions.

The amount of R4 197 810 represents movements in receivables / transactions. The correction relates solely to the presentation of the Cash Flow Statement and has no effect on the Statement of Financial Position, Statement of Financial Performance, net assets, accumulated surplus or deficit, or the recognition and measurement of any assets, liabilities, revenue, or expenditure.

In accordance with GRAP 3, this omission has been assessed as a prior period error. The error has been corrected retrospectively, and the comparative amounts for the prior period have been restated as follows.

STATEMENT OF FINANCIAL POSITION

GROUP

	As previously reported	Correction of error	Restated
Property, plant and equipment	108,821,105	4,966,552	113,787,657
Investment in other entities	-	100	100
Payables from exchange transactions	(9,500,453)	(47,558)	(9,548,011)
Provisions	(5,342,550)	(566,052)	(5,908,602)
Revaluation reserve	(102,640,390)	4,345,400	(98,294,990)
Accumulated surplus/(deficit)	(4,401,797)	(8,698,442)	(13,100,239)
	(13,064,085)	**-**	**(13,064,085)**

COMPANY

Property, plant and equipment	99,524,498	4,966,552	104,491,050
Investment in other entities	(37,790,021)	28,242,010	(9,548,011)
Payables from exchange transactions	-	(27,605,955)	(27,605,955)
Provisions	(5,342,550)	(566,052)	(5,908,602)
Revaluation reserve	(102,640,390)	4,345,400	(98,294,990)
Accumulated surplus/(deficit)	33,184,278	(9,381,955)	23,802,324
	(13,064,185)	**-**	**(13,064,184)**

STATEMENT OF FINANCIAL PERFORMANCE

GROUP

Depreciation and amortisation	10,351,195	(5,276,791)	5,074,404

COMPANY

Depreciation and amortisation	10,280,867	(5,276,791)	5,004,076

FIGURES IN RAND

26. PRIOR-YEAR ADJUSTMENTS (CONT.)

CASH FLOW STATEMENT

GROUP

	As previously reported	Correction of error	Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Rendering of services	17,952,321	1,432,034	19,384,355
Suppliers and employee costs	(101,600,697)	(1,328,733)	(102,929,430)
	(83,648,376)	**103,301**	**(83,545,075)**

COMPANY

	As previously reported	Correction of error	Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Rendering of services	17,952,321	1,432,034	19,384,355
Suppliers and employee costs	(101,600,697)	(1,328,733)	(102,929,430)
	(83,648,376)	**103,301**	**(83,545,075)**

27. RISK MANAGEMENT

GROUP

FINANCIAL RISK MANAGEMENT

OVERVIEW AND FRAMEWORK

The Board of Directors holds overall responsibility for establishing and overseeing the entity's risk management framework. Risk management is performed by management within approved policies and delegated authority levels. Financial instruments are recognised in accordance with GRAP 104: Financial Instruments.The entity is exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

CREDIT RISK

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet contractual obligations.

A financial asset is considered in default when the counterparty fails to meet payment obligations according to agreed payment terms.

For MRTT the following events indicate default.

(A) LEARNERS

A learner is in default when:

- Training has been completed
- Tuition fees remain unpaid
- Training services are already delivered.

The receivable therefore becomes fully recoverable immediately.

MRTT mitigates credit risk associated with learner receivables by retaining learners' certificates as a form of collateral in instances of non-payment. This proactive provides the entity with leverage to enforce settlement, as certificates are only released upon full payment of outstanding fees.

Although learners' certificates are held as collateral for non-payment, the entity cannot sell these certificates to recover the outstanding debt or recoup its losses.

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

(B) GOVERNMENT DEPARTMENTS AND SETAS

Section 38(1)(f) of the Public Finance Management Act requires payment of valid invoices within 30 days. Therefore: Government debt outstanding for more than 30 days is considered in default.

(C) PRIVATE SECTOR SPONSORS

Private companies sponsoring learners are considered in default when payment exceeds agreed terms or exceeds 30 days. Backstop Indicator of Default

GRAP 104 provides a rebuttable presumption that default occurs when payments are more than 90 days past due.

MRTT applies the following approach: Government debt default at 30 days

Learners default once training is completed and unpaid.

90 days used as a backstop indicator where other default indicators do not exist This approach reflects the PFMA requirement and operational reality of MRTT.

FORWARD LOOKING FACTORS

The official unemployment rate in Mpumalanga remains significantly high and was reported between approximately 32% and 34% during 2025, increasing the risk of non-payment and delayed settlement of accounts.

Youth unemployment in Mpumalanga was reported at approximately 46% during 2025, which directly affects the future earning capacity and repayment ability of learner debtors.

Forecast fiscal pressures and constrained government budgets were considered due to ongoing economic challenges affecting provincial and national departments, which may result in slower settlement cycles for government debtors.

Anticipated liquidity constraints and operational pressures within the hospitality and tourism industry were considered due to high unemployment, inflationary pressures and uncertain economic recovery within the province.

The anticipated impact of electricity supply constraints, infrastructure challenges and logistics disruptions on businesses operating within Mpumalanga was considered as these factors may negatively affect debtor cash flows and sustainability.

Expected financial pressure on households due to unemployment, cost of living increases and constrained income growth was considered in assessing the recoverability of learner accounts.

The anticipated increase in informal sector dependency and financial instability among consumers and small businesses within Mpumalanga was considered when assessing future probability of default.

Inflation trends and increasing operational costs were considered due to their expected impact on debtor affordability and cash flow sustainability.

SCOPE, MANAGEMENT, AND PRACTICES

The entity's credit risk exposure mainly arises from cash deposits, cash equivalents, and trade debtors/receivables. The entity manages this risk by:

Depositing cash only with major banks with high-quality credit standing (e.g., Standard Bank) to limit exposure to any one counterparty.

Grouping trade receivables across a widespread customer base, primarily derived from learners and training-related services. Reviewing debtor ageing reports monthly and executing ongoing collection procedures.

Setting individual risk limits based on internal/external ratings in accordance with Board-approved parameters.

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

IMPAIRMENT AND EXPECTED CREDIT LOSS (ECL) MODEL

The entity applies the expected credit loss (ECL) model for financial assets measured at amortised cost. It applies the simplified approach for trade receivables, where lifetime expected credit losses are recognised from initial recognition using a provision matrix based on historical default profiles, current payment trends, and forward-looking macroeconomic data.

FINANCIAL INSTRUMENTS EXPOSED TO CREDIT RISK

The financial instruments exposed to credit risk at year-end are as follows:

FINANCIAL INSTRUMENT	2026	2025
Cash and Cash Equivalents (at fair value)	9,335,178	5,826,958
Receivables from Exchange & Non-Exchange (at amortised cost):		
• Current	336,381	1,755,373
• 60 days	6,561,397	498,537
• 90 – 120 days	3,846,860	8,366,659
• + 150 days	11,573,866	14,206,190
Total Receivables (Amortised Cost)	22,318,505	23,649,629
Trade Receivables from Non-Exchange	—	1,177,130
Receivables – Royal Hotel	11,151,893	11,151,893

Note on Receivables - Royal Hotel: The Royal Hotel account (R11,151,893) is 100% fully impaired. Royal Hotel is undergoing liquidation with low recovery prospects due to financial challenges stemming from COVID-19 (as it relied on >95% international guests). The balance has been outstanding for over 180 days.

GROSS CARRYING AMOUNTS BY CREDIT RISK PORTFOLIO

Receivables are grouped into portfolios with similar risk profiles:

Ageing Profile	Learners	CETA	Government Dept	Private/Travel	CET College
Current	166,678.00	1,038,885.89	454,800.60	3,480.00	—
30 days	2,860.00	1,419,616.95	-	-	-
60 days	64,162.70	-	-	-	-
90 days	2,850.00	809,838.65	7,391,638.24	-	-
120 days	-	-	-	-	-
150 days	-	226,505.65	-	-	-
180 days	5,409,859.45	6,862,929.24	757,142.87	196,930.14	400.00
TOTAL	**5,646,410,15**	**10,357,776,40**	**8,603,581,71**	**200,410,14**	**400.00**

LOSS ALLOWANCE & NET CARRYING AMOUNT RECONCILIATIONS

Loss Allowance Movement: The opening balance stood at R17,603,638, with a current-year upward adjustment movement of R4,544,464, resulting in an ECL balance of R22,148,464.

1 April 2025 Carrying Value: R24,808,579 (Gross) - R22,148,464 (Loss Allowance) = **R2,660,115 (Fair Value)**

31 March 2026 Carrying Value: R24,011,641 (Gross) - R22,095,963 (Loss Allowance) **= R1,915,677 (Fair Value)**

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

LIQUIDITY RISK

Liquidity risk is the risk that the entity will encounter difficulty meeting obligations associated with financial liabilities. The risk is driven by funds available to cover future commitments.

LIQUIDITY RISK MANAGEMENT

The entity manages liquidity through:

- Continuous cash flow monitoring and forecasting.
- Monitoring expenditure strictly against approved operating budgets.
- Ensuring ongoing funding streams from transfers and operational credit facilities.

CONTRACTUAL MATURITY ANALYSIS

The table below details the contractual, undiscounted cash flows for financial liabilities. Balances due within 12 months approximate their carrying values because the impact of discounting is insignificant.

Financial Liabilities	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
2026: Trade and Other Payables	7,042,900	-	-	-	7,042,900
2025: Trade and Other Payables	9,548,011	-	-	-	9,548,011

MARKET RISK

Market risk is the risk that changes in market factors, such as interest rates, foreign exchange rates, and inflation, will affect the entity's income or financial instrument values.

Interest Rate Risk: The entity's primary exposure stems from cash investments in short-term money market deposit accounts. However, because the entity has no significant interest-bearing liabilities, its operating cash flows and income remain substantially independent of shifting market rates. Management monitors prevailing conditions to place surplus cash in competitive interest-bearing instruments.

Foreign Exchange & Price Risk: The entity does not hold equity securities or commodity investments and is therefore not exposed to price risk or foreign exchange fluctuations.

COMPANY

FINANCIAL RISK MANAGEMENT

OVERVIEW AND FRAMEWORK

The Board of Directors holds overall responsibility for establishing and overseeing the entity's risk management framework. Risk management is performed by management within approved policies and delegated authority levels. Financial instruments are recognised in accordance with GRAP 104: Financial Instruments. The entity is exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

CREDIT RISK

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet contractual obligations.

A financial asset is considered in default when the counterparty fails to meet payment obligations according to agreed payment terms.

For MRTT the following events indicate default.

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

(D) LEARNERS

A learner is in default when:

- Training has been completed
- Tuition fees remain unpaid
- Training services are already delivered.

The receivable therefore becomes fully recoverable immediately.

MRTT mitigates credit risk associated with learner receivables by retaining learners' certificates as a form of collateral in instances of non-payment. This proactive provides the entity with leverage to enforce settlement, as certificates are only released upon full payment of outstanding fees.

Although learners' certificates are held as collateral for non-payment, the entity cannot sell these certificates to recover the outstanding debt or recoup its losses.

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Anticipated liquidity constraints and operational pressures within the hospitality and tourism industry were considered due to high unemployment, inflationary pressures and uncertain economic recovery within the province.

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FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

SCOPE, MANAGEMENT, AND PRACTICES

The entity's credit risk exposure mainly arises from cash deposits, cash equivalents, and trade debtors/receivables. The entity manages this risk by:

Depositing cash only with major banks with high-quality credit standing (e.g., Standard Bank) to limit exposure to any one counterparty.

Grouping trade receivables across a widespread customer base, primarily derived from learners and training-related services. Reviewing debtor ageing reports monthly and executing ongoing collection procedures.

Setting individual risk limits based on internal/external ratings in accordance with Board-approved parameters.

IMPAIRMENT AND EXPECTED CREDIT LOSS (ECL) MODEL

The entity applies the expected credit loss (ECL) model for financial assets measured at amortised cost. It applies the simplified approach for trade receivables, where lifetime expected credit losses are recognised from initial recognition using a provision matrix based on historical default profiles, current payment trends, and forward-looking macroeconomic data.

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Receivables - Royal Hotel The Royal Hotel account (R11,151,893) is 100% fully impaired. Royal Hotel is undergoing liquidation with low recovery prospects due to financial challenges stemming from COVID-19 (as it relied on >95% international guests). The balance has been outstanding for over 180 days.

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Receivables are grouped into portfolios with similar risk profiles:

Ageing Profile	Learners	CETA	Government Dept	Private/Travel	CET College
Current	166,678.00	1,038,885.89	454,800.60	3,480.00	—
30 days	2,860.00	1,419,616.95	-	-	-
60 days	64,162.70	-	-	-	-
90 days	2,850.00	809,838.65	7,391,638.24	-	-
120 days	-	-	-	-	-
150 days	-	226,505.65	-	-	-
180 days	5,409,859.45	6,862,929.24	757,142.87	196,930.14	400.00
TOTAL	**5,646,410,15**	**10,357,776,40**	**8,603,581,71**	**200,410,14**	**400.00**

FIGURES IN RAND

27. RISK MANAGEMENT (CONT.)

LOSS ALLOWANCE & NET CARRYING AMOUNT RECONCILIATIONS

Loss Allowance Movement: The opening balance stood at R17,603,638, with a current-year upward adjustment movement of R4,544,464, resulting in an ECL balance of R22,148,464 .

1 April 2025 Carrying Value: R24,808,579 (Gross) - R22,148,464 (Loss Allowance) = R2,660,115 (Fair Value)

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LIQUIDITY RISK MANAGEMENT

The entity manages liquidity through:

- Continuous cash flow monitoring and forecasting.
- Monitoring expenditure strictly against approved operating budgets.
- Ensuring ongoing funding streams from transfers and operational credit facilities.

CONTRACTUAL MATURITY ANALYSIS

The table below details the contractual, undiscounted cash flows for financial liabilities. Balances due within 12 months approximate their carrying values because the impact of discounting is insignificant.

Financial Liabilities	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
2026: Trade and Other Payables	7,042,900	-	-	-	7,042,900
2025: Trade and Other Payables	9,548,011	-	-	-	9,548,011

MARKET RISK

Market risk is the risk that changes in market factors, such as interest rates, foreign exchange rates, and inflation, will affect the entity's income or financial instrument values.

Interest Rate Risk: The entity's primary exposure stems from cash investments in short-term money market deposit accounts. However, because the entity has no significant interest-bearing liabilities, its operating cash flows and income remain substantially independent of shifting market rates. Management monitors prevailing conditions to place surplus cash in competitive interest-bearing instruments.

Foreign Exchange & Price Risk: The entity does not hold equity securities or commodity investments and is therefore not exposed to price risk or foreign exchange fluctuations.

FIGURES IN RAND

28. GOING CONCERN

As required by GRAP 1, management must assess the entity's ability to continue as a going concern for at least twelve months from the reporting date.

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus/ (deficit) of R (22,603,216) and that the entity's total assets exceeds the liabilities by R 68,710,602 which covers the solvency of the entity.

Management has assessed the entity's ability to continue operating as a going concern. The assessment considered the entity's financial performance, financial position, liquidity levels and continued government support. During the 2025/26 financial year, the entity generated total revenue of R118.4 million compared to R103.7 million in the prior year, reflecting an increase primarily attributable to government grant funding and operational activities. Total expenditure increased from R119.4 million in the prior year to R119.6 million during the current year.

The entity recorded a net deficit of R1.2 million for the year ended 31 March 2026, representing a significant improvement from the prior year deficit of R15.6 million. This improvement demonstrates progress towards enhanced financial sustainability and operational efficiency.

As at 31 March 2026, the entity's current liabilities exceeded current assets by R29.3 million, with current liabilities amounting to R40.7 million and current assets amounting to R11.4 million. The entity further maintained negative liquidity levels, although cash and cash equivalents increasing from R5.8 million in the prior year to R9.3 million at year-end.

The entity also continues to maintain a substantial investment in property, plant and equipment, with a carrying value of R98.8 million as at 31 March 2026, which supports the continued delivery of its mandate and operational activities.

MRTT is a Schedule 3C public entity. The Mpumalanga Department of Education has issued a formal 3-year grant allocation letter covering 2026 through 2028.

The Department of Education confirmed MRTT's mandate and approved the 2026-27 Annual Performance Plan and the 5-year Strategic Plan (2026–2030).

The indicators above indicate that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern however the solvency ratio covers the entity for the long term. It is therefore 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 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 members continuously 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.

FIGURES IN RAND

29. SUBSEQUENT EVENTS

29.1 ADJUSTING EVENT

Subsequent to the reporting date, the Entity concluded negotiations in respect of a legal claim instituted by Vodacom relating to a matter that existed prior to 31 March 2026. The settlement reached after the reporting date provided additional evidence of the obligation that existed at the reporting date.

THE NATURE OF THE EVENT

A claim arising from a letter of demand received from Vodacom alleging an amount of R6 465 892 million due by MRTT.

Subsequent to year end on 26 July 2026 there was a settlement agreement of R2 million with Vodacom which is a adjusting event after reporting date.

29.2 NON-ADJUSTING EVENT

The Accounting Authority is not aware of any material events that occurred after the reporting date of approval of the annual financial statements that would have a material impact on the financial position or operations of the entity, except deregistration of MISH.

The MISH, a subsidiary of MRTT was officially deregistered by the Companies and Intellectual Property Commission (CIPC) on 26 May 2026.

The deregistration occurred after the reporting date ie 31 March 2026 and has been assessed as a non-adjusting event in terms of the applicable accounting standards.

Management has considered the impact of the deregistration on the annual financial statements and concluded that no adjustment to the amounts recognised in the financial statements for the year ended 31 March 2026 was required.

THE NATURE OF THE EVENT

Subsequent to the reporting date of 31 March 2026, MISH was deregistered with CIPC on 26 May 2026. The deregistration represents a subsequent event arising after the reporting date and does not provide evidence of conditions that existed at 31 March 2026. Accordingly, the event has been assessed as a non-adjusting event and no adjustment has been made to the amounts recognised in the financial statements for the year ended 31 March 2026.

AN ESTIMATE OF ITS FINANCIAL EFFECT

The financial effect of the deregistration is not expected to result in a material adjustment to the financial statements for the year ended 31 March 2026. The final financial effect of the deregistration cannot be reliably quantified at the reporting date, as the process of finalizing the transfer and accounting for the remaining assets and liabilities will take place in the financial year 2026/2027.

FIGURES IN RAND	GROUP		COMPANY	
30. FRUITLESS AND WASTEFUL EXPENDITURE	**2026**	**2025**	**2026**	**2025**
Fruitless and wasteful expenditure	199,645	197,938	199,645	197,938

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

During the financial year ended 31 March 2026, 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.

31. IRREGULAR EXPENDITURE

Add: Irregular Expenditure - current year	4,969,602	16,331,561	4,862,678	16,331,561

DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR (“REFER TO ANNUAL REPORT FOR DETAILED BREAKDOWN”).

Incident 1	Extension of contract	887,504
Incident 2	Extension of contract	28,506
Incident 3	Extension of contract	497,592
Incident 4	Extension of contract	254,527
Incident 5	Extension of contract	26,019
Incident 6	Extension of contract	217,214
Incident 8	Contract variation greater than 15% as guided by National treasury instruction note 3 of 2016-17	462,454
Incident 9	Submission of tender time not in submission register of tender	1,594,000
Incident 10	Submission of tender time not in submission register of tender	894,862
Incident 11	MISH budget overspending	106,924
		4,969,602

Refer to Annual Report for detailed breakdown

FIGURES IN RAND

32. SEGMENT INFORMATION

GENERAL INFORMATION

IDENTIFICATION OF SEGMENTS

The economic 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.

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 disaggregation.

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 Finance, Human Resources, Supply Chain, Quality Assurance, Marketing
Mpumalanga Innovation and Skills Hub	Skills development, fostering entrepreneurship, promoting digital innovation, and driving sustainable economic growth.

FIGURES IN RAND

32. SEGMENT INFORMATION (CONT.)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

2026

GROUP

	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
REVENUE				
Revenue from exchange transactions	3,303,786	10,092,765	124,289	13,520,840
Revenue from non-exchange transactions	-	-	103,864,515	103,864,515
Interest revenue	-	-	986,889	986,889
Total segment revenue	3,303,786	10,092,765	104,975,693	**118,372,244**
Entity's revenue				118,372,244
EXPENDITURE				
Administration	-	-	(11,050,151)	(11,050,151)
Operating expenses	(6,318,217)	(12,896,074)	(21,477,650)	(40,691,941)
Personnel	(13,275,674)	(20,404,551)	(26,796,458)	(60,476,683)
Total segment expenditure	**(19,593,891)**	**(33,300,625)**	**(59,324,259)**	**(112,218,775)**
Total segmental surplus/(deficit)				**6,153,469**
Impairment loss				52,501
Depreciation and amortisation				(8,028,920)
Loss on disposal of asset / impairment loss				(99,460)
Entity's surplus (deficit) for the period				**(1,922,410)**

COMPANY

	Hospitality and Tourism Academy	Technical Training Operations	Corporate services	Total
REVENUE				
Revenue from exchange transactions	3,303,786	10,092,765	124,289	13,520,840
Revenue from non-exchange transactions	-	-	103,864,515	103,864,515
Total segment revenue	**3,303,786**	**10,092,765**	**104,975,693**	**118,372,244**
Entity's revenue				**118,372,244**
EXPENDITURE				
Administrative	-	-	(11,050,151)	(11,050,151)
Operating expenses	(6,318,217)	(12,896,074)	(20,870,726)	(40,085,017)
Employee related costs	(13,275,674)	(20,404,551)	(26,796,458)	(60,476,683)
Total segment expenditure	**(19,593,891)**	**(33,300,626)**	**(59,324,259)**	**(111,611,851)**
Total segmental deficit				**6,760,393**
Impairment loss				52,501
Depreciation and amortization				(7,958,952)
Loss on disposal of asset/impairment loss				(85,224)
Entity's surplus (deficit) for the period				**(1,231,282)**

FIGURES IN RAND

32. SEGMENT INFORMATION (CONT.)

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:

TThe 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..

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 impairment is 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.

33. 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 2025 to 31 March 2026

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 2026 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)

FIGURES IN RAND

33. BUDGET DIFFERENCES (CONT.)

33.1 RENDERING OF SERVICES

The unfavourable variance is due to the entity undertaking fewer projects than originally anticipated during the period under review.

33.2 GOVERNMENT GRANTS & SUBSIDIES

The unfavourable variance is due to an outstanding amount of R600 000 that had not yet been received from the Department at year-end. There was no variance on the original budget allocation, as the full budgeted amount was invoiced to the Department of Education. An additional budget allocation of R10.6 million was received to assist the entity in addressing budget pressures experienced during the mid-term period. The adjustment assisted the entity in meeting its commitments up to the end of the financial year.

33.3 EMPLOYEE RELATED COSTS

The favourable variance is mainly attributable to the additional budget allocation of R10.6 million received from the Department of Education, as well as vacant positions that remained unfilled during the financial year.

33.4 CAPITAL EXPENDITURE

The favourable variance is due to lower capital expenditure requirements during the financial year.

33.5 GOODS AND SERVICES

The favourable variance is attributable to less-than-budgeted expenditure incurred on various projects undertaken during the year under review. The budget adjustment received was sufficient to offset the additional expenditure incurred.

CORPORATE HEAD OFFICE

PHYSICAL ADDRESS
05 Schonland Drive,
Emalahleni,
1035

Tel: (013) 656 0857 / 0875
Fax: (013) 656 0632

Email: info@rttrust.co.za
Whatsapp: 072 899 1948

PRXXX/XXXX
ISBN: XXX-X-XXX-XXXXX-X

www.rttrust.co.za